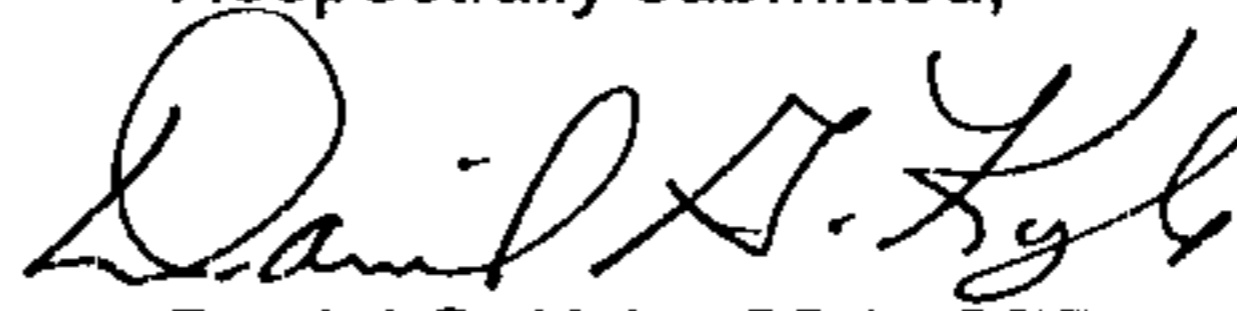


LEGISLATIVE AUDITOR

BOARD OF LEVEE COMMISSIONERS
OF BOSSIER LEVEE DISTRICT
STATE OF LOUISIANA
Compliance and Internal Control Report
October 30, 1997
Page 2

This report is intended for the information and use of the levee district and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is written in a cursive style with a large initial "D".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

RE:MAN:sds

[BOS-LD]

EXHIBIT A



OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

DANIEL G. KYLE, PH.D., CPA, CFE
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October 30, 1997

Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of the General Purpose
Financial Statements

**BOARD OF LEVEE COMMISSIONERS
OF BOSSIER LEVEE DISTRICT
STATE OF LOUISIANA**
Benton, Louisiana

We have audited the general purpose financial statements of the Bossier Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 1997, and have issued our report thereon dated October 30, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Bossier Levee District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bossier Levee District's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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 over financial reporting and its operation that we consider to be material weaknesses.

EXHIBIT A

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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

BOSSIER LEVEE DISTRICT
STATE OF LOUISIANASchedule of Per Diem Paid Board Members
For the Year Ended June 30, 1997

	<u>NUMBER</u>	<u>AMOUNT</u>
J. Doug Brown	19	\$1,425
A. Syd Burt, Jr.	9	675
James K. Corley	5	375
John Gentry	12	900
Paul Johnson	27	2,025
Raymond Lasseigne	14	1,050
Larry Lott, Sr.	13	975
Roy Pilkinton	16	1,200
Thomas Taylor	10	750
Cecil Welch	1	75
Total		<u>\$9,450</u>

**BOSSIER LEVEE DISTRICT
STATE OF LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULE
For the Year Ended June 30, 1997**

PER DIEM PAID BOARD MEMBERS

The schedule of per diem paid to board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Per diem payments are authorized by Louisiana Revised Statute 38:308 and are included in the general administrative expenditures of the General Fund. Board members are paid \$75 per day, to a maximum of 36 days per year, for board meetings and official business. The board president, Mr. Timothy Larkin, is paid a monthly salary of \$853 in lieu of per diem during his term in office.

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

7. LITIGATION AND CLAIMS

At June 30, 1997, the levee district is involved in five lawsuits. In the opinion of the levee district's legal counsel, the ultimate resolution of these lawsuits will not represent a material liability to the levee district.

8. NOTES PAYABLE

In 1990, the Bossier Levee District assumed three long-term installment purchase agreements for the purchase of three houses to satisfy prior claims and judgments. These agreements require scheduled payments on a monthly basis and have interest rates ranging from 9.5 to 10.5 percent. The following is a summary of installment notes payable by the levee district for the year ended June 30, 1997:

Installment notes payable at June 30, 1996	\$173,711
Installment payments during fiscal year ended June 30, 1997	<u>(3,327)</u>
Installment notes payable at June 30, 1997	<u><u>\$170,384</u></u>

The following is a summary of future minimum installment payments as of June 30, 1997:

1998	\$19,987
1999	19,987
2000	19,987
2001	19,987
2002	19,987
Plus year beyond 2002	<u>278,499</u>
Total minimum installment payments	378,434
Less - amount representing interest	<u>(208,050)</u>
Total	<u><u>\$170,384</u></u>

9. LEVEE DISTRICT TAXES

Article 6, Section 39 of the Louisiana Constitution of 1974 provides that, for the purpose of constructing and maintaining levees, levee drainage, flood protection, hurricane flood protection, and for all other purposes incidental thereto, the levee district may annually levy a tax not to exceed five mills. If the levee district needs to raise additional funds, in excess of the amount collected constitutionally, the taxes in excess of five mills must be approved by the majority of the vote of the electors. The levee district has levied a tax of 4.54 mills.

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

computations as these amounts are secured by fiscal agent banks established by the state treasury independent of the levee board.

3. RECEIVABLES

At June 30, 1997, the levee district has receivables of \$2,155 of interest income.

4. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance July 1, 1996	Additions	Deletions	Balance June 30, 1997
Land	\$82,085			\$82,085
Buildings	351,659	\$1,265		352,924
Equipment	430,816	64,578	\$37,513	457,881
Total	<u>\$864,560</u>	<u>\$65,843</u>	<u>\$37,513</u>	<u>\$892,890</u>

5. PENSION PLAN

All employees of the levee district are members of the United States Social Security System. In addition to the employee contributions withheld at 7.65 percent of gross salaries, the levee district contributes an additional 7.65 percent of gross salaries to the Social Security System. Aggregate pension costs for the year were \$36,357. The levee district does not guarantee the benefits granted by the Social Security System.

6. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

General long-term obligations consist of mortgage notes payable and compensated absences. The following is a summary of long-term obligation transactions for the year ended June 30, 1997:

Long-term obligations payable at July 1, 1996	\$187,328
Additions	6,436
Retirements	<u>(10,843)</u>
Long-term obligations payable at June 30, 1997	<u>\$182,921</u>

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

E. BUDGET PRACTICES

The proposed budget for the 1997 fiscal year was made available for public inspection at the levee district's office on May 10, 1996. The proposed budget was prepared on the modified accrual basis of accounting. The budget was published in the official journal 33 days before the public hearing. The budget is legally adopted and amended, as necessary, by the levee district. The levee district does not recognize encumbrances; therefore, encumbrances are not reflected for budgeting or accounting purposes. All appropriations contained in the budget lapse at year-end.

Budgeted amounts included in the accompanying financial statements include the original adopted budget as amended. There was one budget amendment during the year in the amount of \$34,700, to public works - general administrative expenditures related to ad valorem taxes for sheriff's retirement. The budget practices of the Bossier Levee District are subject to the provisions of R.S. 38:318.

F. CASH AND CASH EQUIVALENTS

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

G. FIXED ASSETS

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

H. COMPENSATED ABSENCES

Employees earn and accumulate annual and sick leave at various rates, depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination.

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the General Fund when

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

certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The levee district has one fund (General Fund) that is classified as a governmental fund. The General Fund accounts for the levee district's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The General Fund is the general operating fund of the levee district and accounts for all financial resources.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The General Fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The operating statement of the General Fund presents increases and decreases in net current assets. The modified accrual basis of accounting is used by the General Fund. The General Fund uses the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January, and February of the fiscal year.

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

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

Expenditures

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

**BOSSIER LEVEE DISTRICT
STATE OF LOUISIANA**

Notes to the Financial Statements
As of and for the Year Ended June 30, 1997

INTRODUCTION

The Bossier Levee District was created by the Louisiana Legislature. The levee district, as defined by Louisiana Revised Statute (R.S.) 38:291(B), includes portions of Bossier and Red River parishes. The levee district primarily provides flood protection for those areas contained in the district. The governing board administers the operations and responsibilities of the levee district in accordance with Louisiana statutes. The levee district's office is located in Benton, Louisiana, and employs 2 administrative personnel and a field staff of 15. The Louisiana Department of Transportation and Development provides certain engineering services to the levee district, and the United States Army Corps of Engineers serves as an advisory body, as well as periodically inspecting the integrity of the levee system. There are 8 board members appointed by the governor.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance 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 principles and financial reporting standards.

B. REPORTING ENTITY

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

C. FUND ACCOUNTING

The levee district uses a fund 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 relating to

**BOSSIER LEVEE DISTRICT
STATE OF LOUISIANA
GOVERNMENTAL FUND - GENERAL FUND**

**Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budget
(GAAP Basis) and Actual
For the Year Ended June 30, 1997**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Ad valerom taxes	\$580,484	\$674,181	\$93,697
Intergovernmental revenue - state revenue sharing	125,018	129,804	4,786
Rentals income	18,084	14,948	(3,136)
Use of money and property - interest earnings	75,000	121,567	46,567
Other income	56,000	41,923	(14,077)
Total revenues	<u>854,586</u>	<u>982,423</u>	<u>127,837</u>
EXPENDITURES			
Public works:			
General administrative	187,204	171,250	15,954
Employee related benefits	18,100	18,181	(81)
Travel	17,800	9,775	8,025
Contractual services	78,500	46,526	31,974
Materials and supplies	20,200	22,594	(2,394)
Professional services	5,100	4,000	1,100
Levee maintenance	226,850	283,336	(56,486)
Equipment purchases	75,000	64,578	10,422
Capital outlay	281,287	97,296	183,991
Total expenditures	<u>910,041</u>	<u>717,536</u>	<u>192,505</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(55,455)	264,887	320,342
FUND BALANCE AT BEGINNING OF YEAR	<u>2,189,304</u>	<u>2,290,169</u>	<u>100,865</u>
FUND BALANCE AT END OF YEAR	<u><u>\$2,133,849</u></u>	<u><u>\$2,555,056</u></u>	<u><u>\$421,207</u></u>

The accompanying notes are an integral part of this statement.

**BOSSIER LEVEE DISTRICT
STATE OF LOUISIANA
ALL FUND TYPES AND ACCOUNT GROUPS**

Balance Sheet, June 30, 1997

	GOVERNMENTAL FUND - GENERAL FUND	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
		GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	
ASSETS AND OTHER DEBITS				
Cash and cash equivalents (note 2)	\$2,576,786			\$2,576,786
Receivables (note 3)	2,155			2,155
Fixed assets (note 4)		\$892,890		892,890
Amount to be provided for retirement of general long-term obligations			\$182,921	182,921
TOTAL ASSETS AND OTHER DEBITS	\$2,578,941	\$892,890	\$182,921	\$3,654,752
LIABILITIES, EQUITY, AND OTHER CREDITS				
Liabilities:				
Accounts, salaries, and withholdings payable	\$23,885			\$23,885
Accrued compensated absences (note 1-H)			\$12,537	12,537
Notes payable (note 8)			170,384	170,384
Total Liabilities	23,885	NONE	182,921	206,806
Equity and Other Credits:				
Investment in general fixed assets		\$892,890		892,890
Fund balance - unreserved - undesignated	2,555,056			2,555,056
Total Equity and Other Credits	2,555,056	892,890	NONE	3,447,946
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	\$2,578,941	\$892,890	\$182,921	\$3,654,752

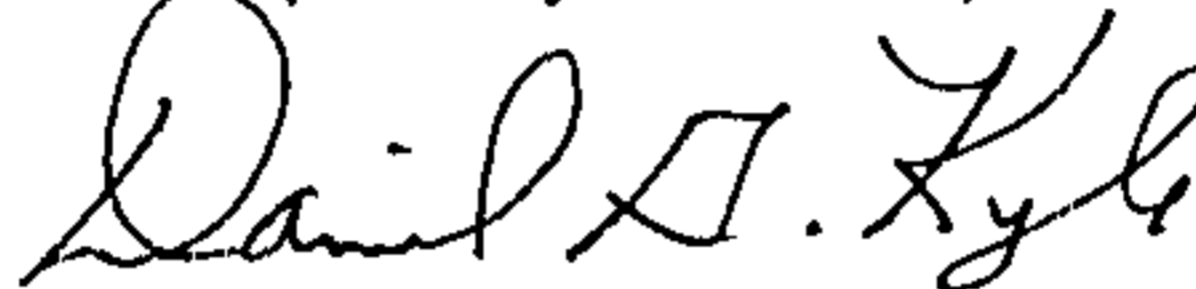
The accompanying notes are an integral part of this statement.

LEGISLATIVE AUDITOR

BOARD OF LEVEE COMMISSIONERS
OF BOSSIER LEVEE DISTRICT
STATE OF LOUISIANA
Audit Report, June 30, 1997

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying supplemental information schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the Bossier Levee District. Such information has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

RE:MAN:sds

[BOS-LD]



OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

DANIEL G. KYLE, PH.D., CPA, CFE
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October 30, 1997

Independent Auditor's Report
on the Financial Statements

**BOARD OF LEVEE COMMISSIONERS
OF BOSSIER LEVEE DISTRICT
STATE OF LOUISIANA**
Benton, Louisiana

We have audited the accompanying general purpose financial statements of the Bossier Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 1997, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the Bossier Levee District. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the accompanying general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Bossier Levee District as of June 30, 1997, and the results of operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 30, 1997, on our consideration of the Bossier Levee District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts.

**BOSSIER LEVEE DISTRICT
STATE OF LOUISIANA
Benton, Louisiana**

**General Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 1997
With Supplemental Information Schedule**

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**BOSSIER LEVEE DISTRICT
STATE OF LOUISIANA
Benton, Louisiana**

**General Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 1997
With Supplemental Information Schedule**

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

December 3, 1997

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LEGISLATIVE AUDITOR

Daniel G. Kyle, Ph.D., CPA, CFE

DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT

Albert J. Robinson, Jr., CPA

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Bossier Levee District
State of Louisiana
Benton, Louisiana

December 3, 1997



Financial and Compliance Audit Division

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