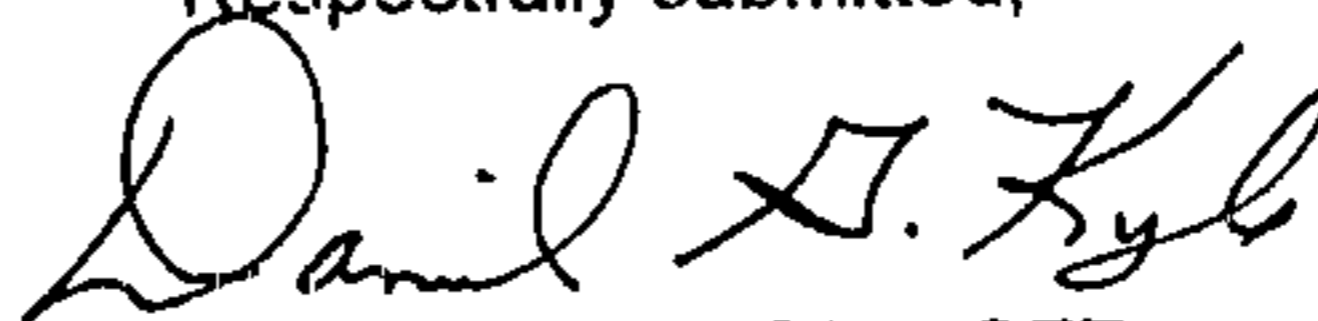


LEGISLATIVE AUDITOR

BOARD OF LEVEE COMMISSIONERS  
OF RED RIVER, ATCHAFALAYA AND  
BAYOU BOEUF 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 Red River, Atchafalaya and Bayou Boeuf 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,

A handwritten signature in cursive script that reads "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

INY:MAN:dl

[RAB-LD]



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

DANIEL G. KYLE, PH.D., CPA, CFE  
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August 6, 1997

Independent Auditor's Report on  
the Financial Statements

BOARD OF LEVEE COMMISSIONERS  
OF RED RIVER, ATCHAFALAYA AND  
BAYOU BOEUF LEVEE DISTRICT  
STATE OF LOUISIANA  
Alexandria, Louisiana

We have audited the accompanying general purpose financial statements of the Red River, Atchafalaya and Bayou Boeuf 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 Red River, Atchafalaya and Bayou Boeuf 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 *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 accompanying general purpose financial statements present fairly, in all material respects, the financial position of the Red River, Atchafalaya and Bayou Boeuf 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 August 6, 1997, on our consideration of the Red River, Atchafalaya and Bayou Boeuf Levee District's internal control structure and a report dated August 6, 1997, on its compliance with laws and regulations.

**RED RIVER, ATCHAFALAYA AND  
BAYOU BOEUF LEVEE DISTRICT  
STATE OF 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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**RED RIVER, ATCHAFALAYA AND  
BAYOU BOEUF LEVEE DISTRICT  
STATE OF LOUISIANA**  
Alexandria, 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.

October 15, 1997

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Red River, Atchafalaya and  
Bayou Boeuf Levee District  
State of Louisiana  
Alexandria, Louisiana

October 15, 1997



*Financial and Compliance Audit Division*

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

RED RIVER, ATCHAFALAYA AND  
BAYOU BOEUF 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	
<b>ASSETS AND OTHER DEBITS</b>				
Cash and cash equivalents	\$1,391,175			\$1,391,175
Receivables	4,355			4,355
Advances to Town of Colfax	50,000			50,000
Materials and supplies inventory	26,217			26,217
Land, buildings, and equipment		\$2,227,368		2,227,368
Amount to be provided for retirement of general long-term obligations			\$54,466	54,466
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$1,471,747</b>	<b>\$2,227,368</b>	<b>\$54,466</b>	<b>\$3,753,581</b>
<b>LIABILITIES, EQUITY, AND OTHER CREDITS</b>				
Liabilities:				
Accounts payable	\$68,733			\$68,733
Deferred revenue	25,300			25,300
Accrued compensated absences			\$54,466	54,466
Total Liabilities	94,033	NONE	54,466	148,499
Equity and Other Credits:				
Investment in general fixed assets		\$2,227,368		2,227,368
Fund balance:				
Reserved for inventory	26,217			26,217
Unreserved - undesignated	1,351,497			1,351,497
Total Equity and Other Credits	1,377,714	2,227,368	NONE	3,605,082
<b>TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS</b>	<b>\$1,471,747</b>	<b>\$2,227,368</b>	<b>\$54,466</b>	<b>\$3,753,581</b>

The accompanying notes are an integral part of this statement.

RED RIVER, ATCHAFALAYA AND  
BAYOU BOEUF LEVEE DISTRICT  
STATE OF LOUISIANA  
GOVERNMENTAL FUND - GENERAL FUND

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

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Taxes	\$1,106,500	\$1,115,460	\$8,960
Intergovernmental revenue - state revenue sharing	98,700	98,553	(147)
Use of money and property	407,000	410,059	3,059
Other revenues	24,000		(24,000)
Total revenues	<u>1,636,200</u>	<u>1,624,072</u>	<u>(12,128)</u>
<b>EXPENDITURES</b>			
Public works:			
Salaries	627,200	597,249	29,951
Administrative and office	92,200	97,510	(5,310)
Insurance	97,000	96,494	506
Levee and drainage maintenance	168,600	176,546	(7,946)
Capital outlay	16,000	17,700	(1,700)
Employer's portion of:			
Retirement	66,000	74,281	(8,281)
Group insurance	118,300	127,491	(9,191)
Total expenditures	<u>1,185,300</u>	<u>1,187,271</u>	<u>(1,971)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	450,900	436,801	(14,099)
<b>OTHER FINANCING SOURCES</b>			
Sale of assets	<u>NONE</u>	<u>7,666</u>	<u>7,666</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>	450,900	444,467	(6,433)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	932,218	932,218	NONE
Increase in reserve for inventory	<u>NONE</u>	<u>1,029</u>	<u>1,029</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$1,383,118</u>	<u>\$1,377,714</u>	<u>(\$5,404)</u>

The accompanying notes are an integral part of this statement.

LEGISLATIVE AUDITOR

BOARD OF LEVEE COMMISSIONERS  
OF RED RIVER, ATCHAFALAYA AND  
BAYOU BOEUF LEVEE DISTRICT  
STATE OF LOUISIANA  
Compliance Report  
August 6, 1997  
Page 2

by the \$100,000 FDIC insurance. This certificate has been on deposit at that bank since August 19, 1996, without being fully secured.

The accountant did not realize that the bank had not pledged the required securities for this deposit. As a result, public funds have been placed at risk of loss in the event of bank failure.

Management should be more diligent in its effort to require banks to provide collateral at the time of deposit and continue to monitor these pledged securities monthly. In a letter dated July 30, 1997, Mr. Andrew Leon, President, stated that the levee district is presently in compliance with the law requiring all deposits to be secured. He further stated that, in the future, funds would be monitored closely to ensure that deposits are secured properly.

We considered this instance of noncompliance in forming our opinion on whether the Red River, Atchafalaya and Bayou Boeuf Levee District's general propose financial statements are presented fairly in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated August 6, 1997, on those general purpose financial statements.

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,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

INY:MAN:dl

[RAB-LD]





OFFICE OF  
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DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

August 6, 1997

Independent Auditor's Report on Compliance With Laws and Regulations  
Material to the General Purpose Financial Statements

**BOARD OF LEVEE COMMISSIONERS  
OF RED RIVER, ATCHAFALAYA AND  
BAYOU BOEUF LEVEE DISTRICT  
STATE OF LOUISIANA**  
Alexandria, Louisiana

We have audited the general purpose financial statements of the Red River, Atchafalaya and Bayou Boeuf Levee District as of and for the year ended June 30, 1997, and have issued our report thereon dated August 6, 1997.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Red River, Atchafalaya and Bayou Boeuf Levee District is the responsibility of the levee district's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the levee district's compliance with certain provisions of laws, regulations, 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 the following instance of noncompliance that, although not material to the financial statements, is required to be reported herein under *Government Auditing Standards*.

**Unsecured Deposits**

The Red River, Atchafalaya and Bayou Boeuf Levee District did not comply with the revised statutes when it failed to obtain collateral to secure public funds in excess of \$100,000 on deposit at one of the local banks. Louisiana Revised Statute 39:1225 requires all public funds on deposit in bank accounts to be secured 100 percent by pledged collateral. During our test of cash and cash equivalents, we noted that the levee district had a \$200,000 certificate of deposit at Union Bank that was secured only

LEGISLATIVE AUDITOR

BOARD OF LEVEE COMMISSIONERS  
OF RED RIVER, ATCHAFALAYA AND  
BAYOU BOEUF LEVEE DISTRICT  
STATE OF LOUISIANA  
Internal Control Report  
August 6, 1997  
Page 2

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 operations that we consider to be material weaknesses as defined previously.

Our comments on internal control structure are intended for the information and use of the levee district. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

INY:MAN:dl

[RAB-LD]



OFFICE OF  
LEGISLATIVE AUDITOR  
STATE OF LOUISIANA  
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August 6, 1997

Independent Auditor's Report on Internal Control Structure Based  
Solely on an Audit of the General Purpose Financial Statements

BOARD OF LEVEE COMMISSIONERS  
OF RED RIVER, ATCHAFALAYA AND  
BAYOU BOEUF LEVEE DISTRICT  
STATE OF LOUISIANA  
Alexandria, Louisiana

We have audited the general purpose financial statements of the Red River, Atchafalaya and Bayou Boeuf Levee District as of and for the year ended June 30, 1997, and have issued our report thereon dated August 6, 1997.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Management of the Red River, Atchafalaya and Bayou Boeuf Levee District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of 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 Red River, Atchafalaya and Bayou Boeuf Levee District for the year ended June 30, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial

EXHIBIT A

**OTHER REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

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

RED RIVER, ATCHAFALAYA AND  
BAYOU BOEUF LEVEE DISTRICT  
STATE OF LOUISIANA

Schedule of Compensation Paid Board Members  
For the Year Ended June 30, 1997

	<u>NUMBER OF DAYS/ MEETINGS</u>	<u>AMOUNT</u>
Andrew Leon, President		\$12,000
Jessie Lachney	36	2,700
Jerry Slocum	36	2,700
Total		<u>\$17,400</u>

**RED RIVER, ATCHAFALAYA AND  
BAYOU BOEUF LEVEE DISTRICT  
STATE OF LOUISIANA  
SUPPLEMENTAL INFORMATION SCHEDULE  
As of and for the Year Ended June 30, 1997**

**COMPENSATION PAID BOARD MEMBERS**

The schedule of compensation paid 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 personal services expenditures of the General Fund. Board members are paid \$75 per day to a maximum of 36 days per year for board meetings and/or official business. The board president may receive compensation not to exceed \$1,000 per month in lieu of per diem.

**RED RIVER, ATCHAFALAYA AND  
BAYOU BOUEF LEVEE DISTRICT  
STATE OF LOUISIANA  
Notes to the Financial Statements (Concluded)**

Rapides Parish Police Jury; Red River, Atchafalaya and Bayou Boeuf Levee District; Louisiana Department of Transportation and Development; and the United States Army Corps of Engineers are the sponsors of the project. According to United States Army Corps of Engineers, the project is underway. As of June 30, 1997, the levee district has advanced \$50,000, which is held in escrow and is recognized as an asset on the accompanying balance sheet, to the Town of Colfax on behalf of the Aloha-Rigolette Area Flood Control Project.

**RED RIVER, ATCHAFALAYA AND  
BAYOU BOUEF LEVEE DISTRICT  
STATE OF LOUISIANA  
Notes to the Financial Statements (Continued)**

obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (504) 922-0600.

Covered employees are required by state statute to contribute 7.5 percent of gross salary and the levee district is required to contribute at an actuarially determined rate. The current rate is 12.4 percent of annual covered payroll. The contribution requirements of plan members and the levee district are established and may be amended by state statute. As provided by R.S.11:102, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation from the prior fiscal year. The Red River, Atchafalaya and Bayou Boeuf Levee District contributions to the System for the years ending June 30, 1997, 1996, and 1995, were \$74,096, \$68,377, and \$63,746, respectively, equal to the required contributions for each year.

**6. POSTRETIREMENT HEALTH CARE  
AND LIFE INSURANCE BENEFITS**

*The levee district provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the levee district's employees become eligible for these benefits if they reach normal retirement age while working for the levee district. These benefits for retirees and similar benefits for active employees are provided through the Louisiana State Employees Group Benefits Program. Retirees' monthly premiums are paid jointly by the retiree and the levee district. Monthly premiums for active employees are paid by the levee district. The levee district recognizes the cost of providing these benefits (levee district's portion of premiums) as an expenditure when paid during the year. For the year ended June 30, 1997, the costs of retiree benefits totaled \$31,590 for eight retirees.*

**7. LEASE OBLIGATIONS**

The Red River, Atchafalaya and Bayou Boeuf Levee District does not have any leases at June 30, 1997.

**8. CHANGES IN GENERAL LONG-TERM  
OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended June 30, 1997:



RED RIVER, ATCHAFALAYA AND  
 BAYOU BOUEF LEVEE DISTRICT  
 STATE OF LOUISIANA  
 Notes to the Financial Statements (Continued)

\$3,190. The leave payable is recorded within the general long-term obligations account group.

**K. TOTAL COLUMN ON BALANCE SHEET**

The total column on the balance sheet is captioned Memorandum Only (overview) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**2. CASH AND CASH EQUIVALENTS**

At June 30, 1997, the levee district has cash and cash equivalents (book balances) totaling \$1,391,175 as follows:

Petty cash	\$50
Interest-bearing demand deposits	241,125
Certificates of deposit	<u>1,150,000</u>
Total	<u><u>\$1,391,175</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) 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. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1997, the levee district has \$1,408,915 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance (GASB Risk Category 1) and \$808,915 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Risk Category 3). The levee district has \$100,000 on deposit with one bank that is not secured. This amount was unsecured for approximately 10½ months.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the levee district that the fiscal agent has failed to pay deposited funds upon demand.

**RED RIVER, ATCHAFALAYA AND  
BAYOU BOUEF LEVEE DISTRICT  
STATE OF LOUISIANA  
Notes to the Financial Statements (Continued)**

**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.

**Other Financing Sources**

The proceeds from the sale of assets are accounted for as other financing sources as the underlying event occurs.

**E. BUDGET PRACTICES**

The proposed budget for the year ended June 30, 1997, was made available for public inspection at the levee district's main office on March 6, 1996. The budget, which included proposed expenditures and the means of financing them for the General Fund, was published in the official journal on January 30, 1996. The budget is prepared on the modified accrual basis of accounting. All unexpended appropriations lapse at year-end. The levee district does not recognize encumbrances; therefore, encumbrances are not reflected for budgeting or accounting purposes. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments. Formal budget integration (within the accounting records) is not employed as a management control device during the year. Changes or amendments within various budget classifications are made upon the approval of the board of commissioners. The budget practices of the Red River, Atchafalaya and Bayou Boeuf Levee District are subject to the provisions of R.S. 38:318.

**F. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include petty cash, interest-bearing demand deposits, and time deposits. Under state law, the Red River, Atchafalaya and Bayou Boeuf 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. INVENTORIES**

Inventories are valued at the lower of cost or market, which approximates cost. The levee district uses a periodic inventory system and values its inventory using the first-in, first-out (FIFO) valuation method. Inventories in the General Fund are recorded as

**RED RIVER, ATCHAFALAYA AND  
BAYOU BOEUF LEVEE DISTRICT  
STATE OF LOUISIANA**

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

**INTRODUCTION**

The Red River, Atchafalaya and Bayou Boeuf Levee District was created by Louisiana Revised Statute (R.S.) 38:291(M). The levee district includes all or portions of Rapides, Avoyelles, and St. Landry 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. There are three board members appointed by the governor. The levee district employs two administrative personnel, a field staff of 26, and temporary employees as needed. 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.

**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 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 Red River, Atchafalaya and Bayou Boeuf 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.