

R E P O R T

STATE OF LOUISIANA
EAST JEFFERSON PARISH DISTRICT

JUNE 30, 1960

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STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT

JUNE 30, 1989

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INDEPENDENT AUDITOR'S REPORT

August 25, 1999

Board of Commissioners
East Jefferson Levee District
200 Poydras Court
Barracks, Louisiana 70123

We have audited the combined component unit financial statements of the East Jefferson Levee District, and the combining and individual fund financial statements of the Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 1999, as listed in the foregoing table of contents. These financial statements are the responsibility of the Levee District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the East Jefferson Levee District at June 30, 1999, and the results of operations and changes in fund balance for the year then ended, in conformity with generally accepted accounting principles. Also, in our opinion, the combining and individual fund component unit financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds of the East Jefferson Levee District at of June 30, 1999, and results of operations and changes in fund balance for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the combined financial statements and the combining and individual fund financial statements taken as a whole. The accompanying supplementary information as listed in the foregoing table of contents is presented as additional analytical data and is not a required part of the component unit financial statements. The supplementary information has been subjected to the tests and other auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated August 25, 1999 on our consideration of the East Jefferson Levee District's internal control over financial reporting and our tests of its compliance with laws and regulations.

Duplantier, Hrapmanin, Hogan & Meaher, L.L.P.

STATE OF LOUISIANA
 EAST JEFFERSON LEASE DISTRICT
 CONSOLIDATED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1968

	FUNDS		ACCOUNT GROUPS		TOTAL BALANCE JUNE 30, 1968
	GENERAL FUND TYPE		GENERAL		
	GENERAL	SPECIAL REVENUE	FIXED ASSETS	GENERAL LONG-TERM DEBT	
Cash and cash equivalents (Note 1)	\$ 488,452	\$ 1,144,408	\$ ---	\$ ---	\$ 1,632,860
Cash in State Treasury (Note 2)	132	---	---	---	132
Investments (Notes 1 and 3)	3,328,824	1,000,000	---	---	4,328,824
Receivables:	111,315	19,197	---	---	130,512
Land (Notes 1 and 2)	---	---	1,498,861	---	1,498,861
Buildings (Notes 1 and 2)	---	---	1,881,883	---	1,881,883
Other assets	387,403	---	---	---	387,403
Equipment (Notes 1 and 2)	---	---	2,837,008	---	2,837,008
Due from General Fund (Note 3)	---	111,700	---	---	111,700
Amount to be provided for account of annual lease	---	---	---	124,248	124,248
Amount to be provided for account of compensatory time	---	---	---	34,738	34,738
TOTAL FUNDS	\$ 3,998,066	\$ 2,315,306	\$ 3,336,669	\$ 137,411	\$ 6,687,452
LIABILITIES AND FUND EQUITY					
LIABILITIES:					
Accounts payable (Note 4)	\$ 28,887	\$ 1,075,000	\$ ---	\$ ---	\$ 1,103,887
State retirement payable	76,434	---	---	---	76,434
Other liabilities (Note 5)	28,200	---	---	117,411	165,611
Due to Land Settlement Fund (Note 1)	271,100	---	---	---	271,100
Total	<u>404,621</u>	<u>1,075,000</u>	<u>---</u>	<u>117,411</u>	<u>1,697,032</u>
FUND EQUITY:					
Investment in general fund assets (Note 6)	---	---	1,384,064	---	1,384,064
Asset balances:					
Reserved for lease agreements (Note 7)	---	4,126,000	---	---	4,126,000
Unreserved - underspent	2,281,435	175,798	---	---	2,457,233
Total	<u>2,281,435</u>	<u>4,301,798</u>	<u>1,384,064</u>	<u>---</u>	<u>6,967,307</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ 3,086,281	\$ 5,376,798	\$ 3,336,669	\$ 137,411	\$ 6,687,159

STATE OF LOUISIANA
EAST JEFFERSON LIVEO DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES, BY FUNDS
FOR THE YEAR ENDED JUNE 30, 1999

	GOVERNMENTAL FUND TYPE		TOTAL (RECONCILIATION ONLY)
	GENERAL	SPECIAL REVENUE	JUNE 30, 1999
REVENUES: (Note 1)			
Taxes	\$ 3,121,551	\$ 543,876	\$ 3,665,428
Intergovernmental receipts	439,281	--	439,281
Use of money and property	757,032	331,581	1,088,613
Other revenues	383,227	--	383,227
Total	<u>4,701,091</u>	<u>875,457</u>	<u>5,576,548</u>
EXPENDITURES: (Note 1)			
Personnel services:			
Administration	139,036	--	139,036
Levee maintenance	729,554	--	729,554
Police	556,044	--	556,044
Employees' related benefits	517,381	--	517,381
Travel	7,086	--	7,086
Contractual services	234,223	--	234,223
Operating supplies	49,246	--	49,246
Equipment purchases	371,886	--	371,886
Insurance - general	223,049	--	223,049
Operating services:			
Administration	61,999	--	61,999
Levee maintenance	228,285	--	228,285
Police	52,904	--	52,904
Hurricane protection project	--	1,006,080	1,006,080
Levee construction	--	22,537	22,537
Levee recreation projects	35,686	--	35,686
Deductions from ad valorem taxes for:			
Assessors	83,753	--	83,753
Sheriffs	5,882	--	5,882
Retirement systems	169,084	--	169,084
Other	3,012	85	3,097
Total	<u>3,622,748</u>	<u>1,018,602</u>	<u>4,641,350</u>
Excess of revenues over expenditures (expenditures over revenues)	<u>821,023</u>	<u>(173,146)</u>	<u>647,877</u>
OTHER FINANCING SOURCES (USES): (Note 1)			
Interfund transfers in	--	--	--
Interfund transfers out	--	--	--
Total	<u>--</u>	<u>--</u>	<u>--</u>
Excess (deficit) of revenues and other sources over expenditures and other uses	<u>821,023</u>	<u>(173,146)</u>	<u>647,877</u>
Fund balances - beginning of year	<u>2,385,289</u>	<u>6,575,716</u>	<u>8,961,005</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,206,312</u>	<u>\$ 6,402,570</u>	<u>\$ 9,608,882</u>

See accompanying notes.

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND AND SPECIAL REVENUE FUND - LEVEE IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 1959

	GENERAL FUND			SPECIAL REVENUE FUND LEVEE IMPROVEMENT FUND		TOTAL FUNDABLE
	BUDGET	ACTUAL	UNAPPORTIONED	BUDGET	ACTUAL	
REVENUES: (Page 1)						
Taxes	\$ 2,000,000	\$ 1,455,042	\$ 101,000	\$ 100,000	\$ 100,000	\$ 10,000
Intergovernmental receipts	400,000	400,000	---	---	---	---
Use of money and property	100,000	107,500	50,000	100,000	100,000	10,000
Other revenues	10,000	100,000	70,000	---	---	---
Total	<u>2,510,000</u>	<u>1,962,542</u>	<u>221,000</u>	<u>200,000</u>	<u>200,000</u>	<u>10,000</u>
EXPENDITURES: (Page 2)						
Personnel services:						
Salary paid for	120,000	120,000	(1,000)	---	---	---
Leave accumulations	200,000	170,000	(70,000)	---	---	---
Fringe	140,000	160,000	50,000	---	---	---
Employees' related benefits:						
Travel	10,000	1,000	5,000	---	---	---
Contractual services	100,000	100,000	(40,000)	---	---	---
Operating supplies	50,000	40,000	(5,000)	---	---	---
Equipment purchases	200,000	200,000	(10,000)	---	---	---
Insurance contracts	100,000	100,000	(10,000)	---	---	---
General services:						
Materialation	50,000	50,000	(100)	---	---	---
Lease maintenance	200,000	200,000	(10,000)	---	---	---
Fringe	100,000	100,000	10,000	---	---	---
Miscellaneous protection projects	---	---	---	1,000,000	1,000,000	---
Lease construction for	---	---	---	100,000	100,000	---
Lease construction projects	40,000	40,000	1,000	---	---	---
Lease less: from ad valorem taxes for:						
Accessories	50,000	50,000	1,000	---	---	---
Garbage	5,000	5,000	(100)	---	---	---
Wastewater system	100,000	100,000	10,000	---	---	---
Total	<u>5,000</u>	<u>1,000</u>	<u>1,000</u>	---	---	<u>(50)</u>
Total	<u>1,910,000</u>	<u>1,862,100</u>	<u>(50,000)</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>11,000</u>
Excess of revenues over expenditures						
General fund over treatment	60,000	100,442	60,000	(100,000)	(100,000)	100,000
OTHER FINANCIAL STATEMENTS: (Page 3)						
Interfund transfers to	---	---	---	---	---	---
Interfund transfers net	---	---	---	---	---	---
Total	---	---	---	---	---	---
TOTAL (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>50,000</u>	<u>100,442</u>	<u>60,000</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>100,000</u>
Fund balances - beginning of year	<u>1,200,000</u>	<u>1,200,000</u>	---	<u>1,200,000</u>	<u>1,200,000</u>	---
FUND BALANCES - END OF YEAR	<u>\$ 1,250,000</u>	<u>\$ 1,300,442</u>	<u>\$ 60,000</u>	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ 100,000</u>

See accompanying notes.

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

NATURE OF OPERATIONS:

The East Jefferson Levee District was created by the Louisiana State Legislature, Act 216 of 1978 effective January 1, 1978 from territory removed from the Pontchartrain Levee District. The Levee District includes all or portions of the following parishes: Jefferson Parish East at Mississippi River, South of Lake Pontchartrain, bordered by St. Charles Parish. The Levee District primarily provides flood protection for these areas contained in the district. The governing board administers the operations and responsibilities of the Levee District in accordance with the provisions of Louisiana statutes. Members of the board are appointed by the governor.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

REPORTING ENTITY:

The East Jefferson Levee District prepares its financial statements in accordance with the standards issued by the Governmental Accounting Standards Board (GASB). However, the Levee District has been defined within the governmental reporting entity of the State of Louisiana. Therefore, the accompanying financial statements of the Levee District contain sub-account information of the various funds of the State of Louisiana. As such the accompanying statements present information only as to the transactions of the programs of the Levee District as authorized by Louisiana statutes and administrative regulations.

Annually, the State of Louisiana issues general purpose financial statements which include the activity contained in the accompanying financial statements. The general purpose financial statements are issued by the Louisiana Division of Administration, State Accounting Office and audited by the Louisiana Legislative Auditor.

FUND ACCOUNTING:

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

General Fund:

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

Special Revenue Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

FIXED ASSETS AND GENERAL LONG-TERM DEBT OBLIGATIONS:

Fixed assets used in the governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated historical cost if historical cost is not available.

Long-term obligations expected to be financed from governmental funds are accounted for in the Central Long-term Debt Account Group, not in the governmental funds.

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

BASIS OF ACCOUNTING:

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

Revenues:

Ad valorem taxes and the related State revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are assessed. Ad valorem taxes are assessed for the calendar year and become due on November 15 of each year and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Interest income on investments is recorded when the income is earned.

Substantially all other revenues are recorded when received.

Expenditures:

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

OTHER FINANCING SOURCES (USES):

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

STATE OF LOUISIANA
EAST JEFFERSON LEASE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

RESIDUAL EQUITY TRANSFERS:

A residual equity transfer represents a nonrecurring or nonroutine transfer between funds. Because these transfers are not associated with the operations of the governmental funds, they are recorded as adjustments to fund balance.

BUDGETARY ACCOUNTING:

The Lease District prepares a budget for the General Fund and Special Revenue Fund - Lease Improvement Fund in accordance with Louisiana statutes. The State Department of Public Works reviews the budget and makes recommendations pertaining thereto to the Lease District and to the Legislative Auditor. Budgeted amounts, prepared on the modified accrual basis of accounting, included in the accompanying financial statements include original adopted budget amounts and all subsequent amendments.

A budget was not adopted for the Special Revenue Fund - Land Settlement Fund because expenditures were not expected for 1999. Therefore, budget comparisons are not included in the accompanying financial statements for the Special Revenue Fund - Land Settlement Fund.

INVESTMENTS:

Investments are recorded at fair value. In accordance with GBSB Statement 31, recorded amount and fair value will often be the same number. These investments are fully secured through the pledge of bank-issued securities or Federal deposit insurance.

ANNUAL AND SICK LEAVE:

Lease District employees, both classified and unclassified, earn annual and sick leave at various rates depending on the number of years in service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave and up to 480 hours of unused annual compensatory time at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave and compensatory time in excess of 300 hours and 480 hours respectively, plus the number of hours of unused sick leave are computed and considered in computing the years of service for retirement benefit purposes. The liability for unused annual leave payable at June 30, 1999, computed in accordance with NCEA Statement No. 4 and FASB 43, is estimated to be \$324,200 for the accrual of annual leave pay and \$13,318 for the accrual of compensatory time for a total of \$337,518. This liability has been recorded in the accompanying financial statements as a long-term debt in the General Long-Term Debt Account Group.

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1988

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

FUND EQUITY:

RESERVES:

Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use.

TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW:

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

2. GENERAL FIXED ASSETS:

A summary of changes in general fixed assets follows:

	JULY 1, 1988 BEGINNING BALANCE	ACQUISITIONS	DEDUCTIONS	JUNE 30, 1988 ENDING BALANCE
Land	\$1,499,880	\$ --	\$ --	\$1,499,880
Building	1,353,583	--	--	1,351,953
Equipment	1,898,568	171,888	58,325	2,012,131
TOTAL	46,048,732	\$171,888	\$ 58,325	\$5,364,964

3. PENSION PLAN:

Substantially all employees of the Levee District are members of the Louisiana State Employees Retirement System (the System). The System, a cost-sharing, multiple-employer defined benefit public employee retirement system, is controlled and administered by a separate Board of Trustees. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the System at P. O. Box 44213, Baton Rouge, Louisiana 70804-4213.

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

3. PENSION PLAN: (Continued)

All permanent employees, who meet the age requirements and who are paid wholly or in part from the District funds must be members of the System. Under the plan, employees who retire, with 30 years of accredited service, or at or after age 60 with at least 10 years of accredited service are entitled to a retirement benefit, payable monthly for life, equal to 2-1/8% of their average compensation for each year of creditable service plus three hundred dollars. 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. Effective January 1, 1998, employees may choose to retire with 20 years of service at any age, with an actuarial reduced benefit.

Annual retirement benefits paid under the plan 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. A member leaving employment before attaining minimum retirement age but after completing certain minimum service requirements becomes eligible for a benefit provided the member lives to the minimum service retirement age and does not withdraw his accumulated contributions. The System also provides death and disability benefits. Benefits are established by state statute.

State statute requires employees covered by the plan to contribute 7.5% of their salary to the System; the District must contribute 12.5% of the salary for each employee for a total contribution of 19.0% per covered employee at June 30, 1999. The District's contributions to the System for the years ended June 30, 1995, 1996, and 1997 were \$385,403, \$359,380 and \$142,219, respectively, equal to the required contributions for each year.

4. LITIGATION:

The Levee District is a defendant in lawsuits involving the Levee District's right-of-way and civil damages. The Levee District's legal counsel has reviewed all claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the district. The legal counsel is of the opinion that liability from suits is questionable or insurance coverage appears adequate and that no significant monetary liability is contemplated at this time or it is too early to render an opinion regarding suits. The liability amount, if any, cannot be reasonably estimated at this time.

5. DEPOSITS AND INVESTMENTS:

The following are the components of the Levee District's deposits and investments at June 30, 1999:

Deposits - cash in bank	\$ 3,417,937
Deposits - cash held by State Treasurer	176
Investments	<u>2,318,286</u>
TOTAL	<u>\$10,728,699</u>

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

5. DEPOSITS AND INVESTMENTS: (Continued)

Deposits:

	BALANCE	
	BANK	BANK
	6-30-99	
	<u>BANK</u>	<u>BALANCE SHEET</u>
Bank One:		
Operating account #7080-40720	\$ 58,037	\$ (88,158)
Payroll account #7060-40704	--	(24,985)
Levee Improvement fund account #7000-31605	38,885	38,885
Commercial Repurchase account #1075108500	668,315	668,315
Cash escrow account #1102165	2,095,799	2,095,799
Petty cash	--	180
	<u>\$ 2,850,936</u>	<u>\$ 2,817,937</u>

All of the Levee District's bank deposits were covered by federal depositary insurance or collateral held by the Federal Reserve Bank in the name of the Levee District's custodial bank with a pledge restraint to the Levee District.

Included in cash is a cash escrow account. The escrow account is comprised of cash and U.S. Treasury Bills. The treasury bills in the amount of \$2,891,183 are dated April 29, 1999 and mature August 23, 2000. The bills are accruing interest monthly.

Investments:

The Levee District invests idle funds under L&S 99-3279. The Levee District is authorized and directed to invest monies under their control and not on deposit in the state treasury, which they in their discretion may determine to be available for investment, in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana or any other federally insured investment.

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

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

5. DEPOSITS AND INVESTMENTS: (Continued)

Investments: (Continued)

	CATEGORY			EXPIRING AMOUNT	FAIR VALUE
	1	2	3		
Investments - FRB	\$ 608,258	\$ --	\$ --	\$ 608,258	\$ 608,258
Investments - U.S.					
Treasury Notes	1,342,682	--	--	1,342,682	1,342,682
Investments - FBR	1,004,453	--	--	1,004,453	1,004,453
Investments - FBR					
Discount Notes	2,645,384	--	--	2,645,384	2,645,384
Investments - FRB					
Discount Notes	298,199	--	--	298,199	298,199
Investments - FRMC					
Discount Notes	1,822,818	--	--	1,822,818	1,822,818
	<u>7,318,794</u>	<u>\$ --</u>	<u>\$ --</u>	7,318,794	7,318,794
Investment in state state treasurer's investment pool				128	128
TOTAL INVESTMENTS				<u>7,318,922</u>	<u>7,318,922</u>

6. LEVEE IMPROVEMENT PROJECTS:

The Levee District is a participant in the federal-local levee improvement project. The hurricane protection project involves the reshaping and heightening of the Lakefront levee, and construction of flood walls along the 1716 Street canal levee and the levee separating Jefferson and St. Charles parishes. It is estimated that East Jefferson Levee District's remaining share of the project will be approximately \$7,383,800 for an estimated total cash cost of \$8,337,000. The liability for the Levee District's share of the project is \$1,826,000 at June 30, 1998. Presently, the estimated payments to the Army Corp of Engineers for East Jefferson Levee District's remaining share of the project is shown below for future phases of the improvement projects to be completed.

FINANCIAL YEAR	AMOUNT
2000	\$1,443,000
2001	1,831,000
2002	501,000
2003	716,000
2004	38,000
Subsequent to 2004	1,358,000
	<u>\$6,337,000</u>

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1989

7. FUND BALANCE RESERVES:

The reserves represent funds that are not appropriable for expenditure or legally segregated for a specific purpose. A summary of the changes in the fund balance reserves follows:

	GENERAL FUND	SPECIAL RESERVE LEVEE IMPROVEMENTS FUND
Reserve 8-30-88	\$ ---	\$6,968,038
Additions	---	605,456
Payments	---	1,048,622
Reserve 8-30-89	\$ ---	\$6,524,872

8. JOINT VENTURES:

There exists a joint agreement between the Levee District and the Greater New Orleans Expressway Commission. The agreement is for the Greater New Orleans Expressway Commission to provide police communication services. A new agreement was entered into on April 30, 1989. The services will be provided for an annual fee not to exceed \$49,890 payable by the Levee District in equal monthly installments of \$4,100. The prior agreement called for an annual fee of \$68,080 paid in monthly installments of \$5,660. The agreement is for a primary term equal to thirty-six (36) months beginning April 30, 1989. However, either party may terminate this agreement at any time by giving thirty (30) days prior written notice to the other party of its intent to terminate this agreement. The agreement was made under the authority of Article VII Section 3 of the Louisiana Constitution, the Local Services Law, and L.R.S. 33:1321; that a political subdivision may exercise and perform any authorized power and function with cooperation with another political subdivision. The Levee District's expenditures for the year ended June 30, 1989 relating to this joint agreement was \$67,790.

9. USE OF ESTIMATES IN PREPARATION OF COMPONENT UNIT FINANCIAL STATEMENTS:

The preparation of component unit financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the component unit financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

10. REFERRED COMPENSATION DEFERRED FUND:

The Louisiana Public Employees Deferred Compensation Plan (the Plan) was adopted by the Louisiana Deferred Compensation Commission effective September 30, 1980. The plan was established in accordance with Louisiana Revised Statutes 42:1300 through 42:1306 and section 867 of the Internal Revenue Code of 1954, as amended, for the purpose of providing supplemental retirement income to employees by permitting them to defer a portion of compensation to be invested and distributed in accordance with the terms of the plan. Effective January 1, 1989, the Commission repealed the Plan in its entirety.

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

10. DEFERRED COMPENSATION PENSION FUND (Continued)

Prior to January 1, 1999, all deferred compensation, property and rights purchased with deferred compensation and income or savings attributable to deferred compensation, property or rights shall constitute assets of the State of Louisiana and remain (until made available to a participant or beneficiary) the property of the State of Louisiana, subject only to the claims of the general creditors of the State of Louisiana. Effective January 1, 1999, all compensation deferred under the Plan, all property and rights purchased with such amounts and all income attributable to such amounts, property or rights shall be held for the exclusive benefit of participants and their beneficiaries. The maximum amount of compensation which may be deferred during a calendar year shall not exceed the lesser of 30% of a participant's includable income or \$7,500. (Prior to January 1, 1999, the maximum deferral should not exceed the lesser of 25% of a participant's gross income or \$7,500.)

Contributions to the Plan by employees totaled \$1,806 for the year ended June 30, 1999. The Levee District does not contribute to the Plan.

11. POSTRETIREMENT HEALTH CARE BENEFITS:

The Board of Commissioners of the Levee District has established the policy of providing certain continuing health care insurance benefits for its retired employees. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid by the District. Upon retirement, all full-time Levee District employees become eligible to receive these benefits. As of year end, eleven retirees were eligible to receive benefits and were doing so. The Levee District's costs of providing retiree health care insurance benefits are recognized as expenses when the monthly premiums are paid. For the year ended June 30, 1999, the total cost of retiree's premiums was \$24,149.

12. YEAR 2000:

The Levee District is not on a network based computer system. All components of the system are maintained on personal computers. The Levee District has received certification from vendors that the software used is Year 2000 compliant. As of June 30, 1999, the Levee District does not have any resources committed to addressing the year 2000 issue. Management is of the opinion that the Levee District is Year 2000 compliant and no further action is considered necessary.

13. INTERFUND RECEIVABLES/PAYABLE:

The following is a summary of interfund receivables and payable at June 30, 1999:

AMOUNT	DUE FROM	DUE TO
\$21,430	General Fund	Special Revenue Funds - Land Settlement Fund

STATE OF LOUISIANA
 EAST JEFFERSON LEVEE DISTRICT
 COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
 JUNE 30, 1999

ASSETS

	LEVEE IMPROVEMENT FUND	LAND SETTLEMENT FUND	TOTAL
Cash	\$ 2,001,685	\$ --	\$ 2,001,685
Investments	5,089,952	--	5,089,952
Receivables	18,287	--	18,287
Due from General Fund	--	271,708	271,708
TOTAL ASSETS	\$ 7,110,924	\$ 271,708	\$ 7,382,632

LIABILITIES AND FUND EQUITY

LIABILITIES:			
Accounts payable	\$ 1,826,000	\$ --	\$ 1,826,000
FUND EQUITY:			
Fund balance:			
Reserved for levee improvements	6,125,844	--	6,125,844
Unreserved-unassigned	--	271,708	271,708
Total	<u>6,125,844</u>	<u>271,708</u>	<u>6,397,552</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ 7,951,844	\$ 271,708	\$ 8,223,552

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	LEVEE IMPROVEMENT FUND	LAND SETTLEMENT FUND	TOTAL
REVENUE:			
Taxes	\$ 543,875	\$ ---	\$ 543,875
Use of money and property	<u>313,484</u>	<u>---</u>	<u>313,484</u>
Total	<u>857,359</u>	<u>---</u>	<u>857,359</u>
EXPENDITURES:			
Hurricane protection project	1,000,000	---	1,000,000
Levee construction	22,537	---	22,537
Other	88	---	88
Total	<u>1,022,625</u>	<u>---</u>	<u>1,022,625</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(175,266)</u>	<u>---</u>	<u>(175,266)</u>
Other financing sources (uses):			
Interfund transfers in	---	---	---
Interfund transfers out	<u>---</u>	<u>---</u>	<u>---</u>
Total	<u>---</u>	<u>---</u>	<u>---</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(175,266)</u>	<u>---</u>	<u>(175,266)</u>
Fund balance - beginning of year	<u>6,208,038</u>	<u>271,708</u>	<u>6,479,746</u>
FUND BALANCE - END OF YEAR	<u>\$ 6,032,772</u>	<u>\$ 271,708</u>	<u>\$ 6,304,480</u>

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
SUPPLEMENTARY INFORMATION
JUNE 30, 1999

SPECIAL REVENUE FUNDS

LEVEE IMPROVEMENT FUND:

The Levee Improvement Fund is used to account for funds that have been specifically dedicated for the purpose of paying the required financial contributions of the Levee District toward the Lake Pontchartrain and Vicinity Hurricane Protection Project High Level Plan.

LAND SETTLEMENT FUND:

The Land Settlement Fund is used to reserve funds that may be needed to satisfy tax bills.

STATE OF LOUISIANA
 EAST JEFFERSON LEHIS DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
 FOR THE YEAR ENDED JUNE 30, 1999

<u>NAME</u>	
Walter Dabbs	\$ 2,700
Ronald Zibitich	2,700
Mariano Morales Zimmer	2,700
Patrick Bossetta	<u>2,700</u>
TOTAL	<u>10,800</u>

Per diem payments are authorized by Louisiana Revised Statute 38:389 and are included in the general administrative expenditures of the General Fund. Board members are paid \$75 per day, to a maximum of 36 days per year, for board meetings and official business. During the period of an emergency as declared and determined by the Governor, the Levee District shall be authorized to hold as many meetings or emergency activities as the Board deems necessary, and the members shall be paid per diem for such meetings or activities.

STATE OF LOUISIANA
 EAST JEFFERSON LEVEE DISTRICT
 INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER
 FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
 IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
 FOR THE YEAR ENDED JUNE 30, 1999

August 25, 1999

Board of Commissioners
 East Jefferson Levee District
 200 Plaquemine Court
 Metairie, Louisiana 70003

We have audited the combined component unit and the combining and individual fund financial statements of the East Jefferson Levee District as of and for the year ended June 30, 1999, and have issued our report thereon dated August 25, 1999. 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 East Jefferson Levee District's combined component unit and the combining and individual fund financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 East Jefferson Levee District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the combined component unit and the combining and individual fund 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.

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

Douglas H. Hopmann, Herman J. Parker & P