

SECTION
FILE COPY
DO NOT REMOVE

Please carefully
copy from this
copy and PLACE
BACK IN FILE

OFFICIAL
FILE COPY

DO NOT REMOVE

Please carefully
copy from this
copy and PLACE
BACK IN FILE

24
SEP 18 11 07 AM '98

98602087

2002

**BOSSIER LEVEE DISTRICT
STATE OF LOUISIANA**

**General Purpose Financial Statements
and Independent Auditor's Reports**

**As of and for the Year Ended June 30, 1998
With Supplemental Information Schedule**

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

Release Date: SEP 16 1998

**BOSSIER LEVEE DISTRICT
625 COURT STREET
BENTON, LOUISIANA 70807
(504)387-6248**

GOVERNING BOARD

PARISH	COMMISSIONER
Booster	James Doug Brown
Booster	E. Paul Johnson
Booster	Timothy A. Larkin
Booster	Raymond J. Lamoignon
Booster	Larry W. Lott, Sr.
Booster	Ray L. Peltzman
Booster	Thomas J. Taylor, Jr.
Booster	Yacovary

Arthur Wallace, Jr., Secretary

Mary Jane Keady, Administrative Manager

Cyprien Kizard, Superintendent

MEETINGS

**Booster Parish Police Jury
Benton, Louisiana**

TABLE OF CONTENTS

	<u>Notes</u>	<u>Page</u>
Independent Auditors' Report on the Financial Statements		1
General Purpose Financial Statements:		
Combined Balance Sheet - Governmental Fund Type and Account Groups		2
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - Governmental Fund Type - General Fund		3
Notes to the Financial Statements -		
Introduction	1	4
Summary of Significant Accounting Policies	2	4
Basis of Presentation		4
Reporting Entity		4
Fund Accounting		5
Basis of Accounting		5
Budget Practices		6
Encumbrances		7
Cash and Cash Equivalents		7
Bad Debts		7
Inventories		7
Fixed Assets		7
Compensated Absences		7
Long-Term Obligations		8
Fund Equity		8
Total Column on Balance Sheet		8
Cash and Cash Equivalents	9	9
Changes in General Fixed Assets	4	10
Ad Valorem Taxes	5	10
Notes Payable	6	11
Compensated Absences	7	11
Pension Plan	8	12
Litigation and Claims	9	12
Federal Financial Assistance	10	12
Compensation Paid to Board Members	11	13
Other Report Required by Government Auditing Standards:		
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the General Purpose Financial Statements Performed in Accordance with Government Auditing Standards		17
Schedule of Findings		18
Corrective Action Plan		20

George F. Delaune

CERTIFIED PUBLIC ACCOUNTANT

Practice Limited to Governmental Accounting, Auditing and Financial Reporting

Phone
OFFICE (504) 382-5527
FAX (504) 382-5527
EMAIL: GFD@GFD.COM

Office
540 UNIVERSITY BLVD.
MONROE, LA 70002

Member
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
STATE SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Board of Commissioners
Bossier Levee District
State of Louisiana
Bossier, Louisiana

I have audited the accompanying general purpose financial statements of the **BOSSIER LEVEE DISTRICT** (the "District"), a component unit of the State of Louisiana, as of and for the year ended June 30, 1998, as listed in the Table of Contents. These financial statements are the responsibility of management of the District. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*. Those standards require that I 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 includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the accompanying general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 1998, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated July 30, 1998, on my consideration of the District's internal control over financial reporting my tests of its compliance with certain provisions of laws, regulations, and contracts.

George F. Delaune, CPA

July 30, 1998

BOSHER LEVIE DISTRICT
GOVERNMENTAL FUND TYPE AND ACCOUNT GROUPS
COMBINED BALANCE SHEET
 June 30, 1988

	Governmental Fund Type	Account Group		Totals (Minor column Only)
		General	General Long Term Obligations	
ASSETS				
Cash and cash equivalents	10,798,666			10,798,666
Receivables -				
Accrued interest	8,341			8,341
And various taxes	498			498
Minor deposits	490			490
Property, plants and equipment		984,772		984,772
Accounts receivable provided for retirement of general long term obligations			178,404	178,404
TOTAL ASSETS	12,282,365	984,772	178,404	24,073,621
LIABILITIES AND FUND EQUITY				
Liabilities				
Accounts payable	\$91,405			\$91,405
Accrued salaries payable	7,156			7,156
Accrued compensated absences			113,289	113,289
Notes payable			145,749	145,749
Total Liabilities	98,561		178,404	235,288
Fund Equity:				
Investments in general fixed assets		984,772		984,772
Fund balances -				
Unreserved - undesignated	3,411,042			3,411,042
Total Fund Equity	3,411,042	984,772		3,800,652
TOTAL LIABILITIES AND FUND EQUITY	12,282,365	984,772	178,404	24,073,621

The accompanying notes are an integral part of this statement.

BOSSIER LEPAGE DISTRICT
GOVERNMENTAL FUND TYPE - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Expendible</u> <u>(Inexpendible)</u>
Revenues:			
All misc. fees and penalties	\$49,000	\$79,000	\$124,000
State revenue sharing	127,000	143,100	16,100
Grants	50,000		(50,000)
Fees and fines		1,700	1,700
Receivables and losses	10,000	1,000	(9,000)
Rental income	10,000	20,000	1,000
Interest on accounts and investments	90,000	143,500	53,500
Sale of used equipment		1,000	1,000
Other revenues		1,000	1,000
Total Revenues	<u>586,000</u>	<u>1,047,900</u>	<u>461,100</u>
Expenditures:			
Current -			
Public safety - food control -			
Financial services	20,100	24,100	67,200
Employee benefits	70,000	34,800	(34,800)
Travel	20,900	8,500	(32,400)
Contractual services	100,000	100,000	32,100
Operating services	573,000	86,700	236,000
Supplies	10,000	10,000	(0,000)
Professional services	22,100	30,700	5,000
Other purchased services	63,100	51,000	31,000
Other charges	24,000	14,700	(9,300)
Declarations from ad valorem taxes	21,000	21,000	(1,000)
Capital outlay	94,000	109,000	(19,000)
Debt service	73,000	90,000	1,000
Total Expenditures	<u>1,228,000</u>	<u>781,000</u>	<u>447,000</u>
Excess of Revenues Over Expenditures	<u>(642,000)</u>	<u>266,900</u>	<u>488,000</u>
Fund Balance - July 1	<u>2,400,000</u>	<u>2,915,000</u>	<u>(515,000)</u>
FUND BALANCE - June 30	<u>1,758,000</u>	<u>3,181,900</u>	<u>423,900</u>

The accompanying notes are an integral part of this statement.

**BOSSIER LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998**

NOTE 1 - INTRODUCTION

The Bossier Levee District and its Board of Levee Commissioners was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38:291. There are 8 Commissioners appointed by the Governor of Louisiana. The District includes portions of Bossier and Red River parishes in which the levee district is located. The District primarily provides flood protection for those areas contained in the District. The Board of Levee Commissioners administers the operations and responsibilities of the District in accordance with the provisions of Louisiana Revised Statute 38:294. The Director'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 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. It is a component unit of the State of Louisiana and is an integral part of each reporting entity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The Codification of Governmental Accounting and Financial Reporting Standards and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The Bossier Levee District prepares its financial statements in accordance with the standards established by the GASB.

Reporting Entity

GASB Codification Section 1102 and GASB Statement 14, "The Financial Reporting Entity," have defined the governmental reporting entity to be the State of Louisiana. The District is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the board of commissioners, 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.

**BOSSIER LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998**

Annually the State of Louisiana issues a general purpose financial statement which includes the activity contained in the accompanying financial statement. The general purpose financial statement is issued by the Louisiana Division of Administration-Office of Statewide Reporting and Accounting Policy 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 or expenses, as appropriate. Revenues are accounted for in these 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 and is classified as a governmental fund. It accounts for the 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.

Account Groups

The two account groups are not "funds". They are concerned only with the measurement of financial position, not with measurement of results of operations. 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 the governmental funds. Long-term obligations expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses as appropriate, 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 modified accrual basis of accounting is used by the General Fund. The General Fund uses the following practices in recording revenues and expenditures:

**BOSSIER LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998**

Revenues

All valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parishes) are recorded in the year the taxes are assessed, to the extent that they are available to finance current operations. As provided by Louisiana Revised Statute (LSA-R.S.) 47:1997(b), ad valorem taxes are assessed for the calendar year, become due on December 31st and become delinquent on the subsequent January 1st. The taxes are generally collected in January, February, March and April of each year.

Oil and gas royalties are recorded as revenue when received, which is four to five weeks after the production of the oil or gas.

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, except for accumulated annual and sick leave, which is recognized when paid.

Budget Function

The District prepares its budget in accordance with LSA-R.S. 38:518. The proposed budget for the 1998 fiscal year was made available for public inspection at the District's office on May 15, 1997. 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 District. The 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 reducing revenues by \$74,000 and expenditures by \$78,853.

**BOSSIER LEVIE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998**

Expenditures

The District does not follow the accrual method of accounting.

Cash and Cash Equivalents

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

Bad Debt

The District uses the direct charge-off method whereby uncollectible amounts due from all various users are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The direct charge-off method is used because it does not cause a material departure from GAAP and it approximates the valuation method.

Inventories

Inventories for supplies are immaterial and are recorded as expenditures when purchased.

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.

Compensated Absence

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

**BOSSIER LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1988**

unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section 660, is recognized as a current-year expenditure in the General Fund when leave is actually taken. The cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group. The liability for unused annual leave at June 30, 1988, computed in accordance with GASB Codification Section 660.105, is estimated to be \$13,189. This amount is recorded in the general long-term obligations account group.

Long-Term Obligations

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

Fund Equity

The unreserved-undesignated fund balances for governmental funds represent the amount available for budgeting future operations. Reservations and designations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

Total Columns as Balance Sheet

Total columns on the balance sheet is captioned *(Memorandum Only) (review)* 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.

BOSSIER LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 1998, the District has cash and cash equivalents (book balances) totaling \$2,876,666 as follows:

Non interest-bearing account	856,879
Interest bearing demand deposits	151,890
Time deposits	<u>2,668,800</u>
Total	<u>\$2,876,666</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, 1998, the District has \$2,868,042 in deposits (collected bank balances). These deposits are secured from risk by \$86,563 of federal deposit insurance (GASB Risk Category 1) and \$2,576,072 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Risk Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:2129 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

Included in cash and cash equivalents is cash available to the District within the state treasury totaling \$59,975. Securities pledged for cash in the state treasury are not included in the computations as these amounts are secured by fiscal agent banks established by the state treasury independent of the District.

**BOSSIER LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998**

NOTE 4 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance July 1, 1997	Additions	Deletions	Balance June 30, 1998
Land	\$71,050			\$71,050
Land improvements	10,035			10,035
Buildings - warehouse	67,681			67,681
Buildings - rentals	285,240			285,240
Equipment - maintenance	276,202	\$95,780	(\$1,194)	370,688
Equipment - office	6,817			6,817
Vehicles	174,862	34,147	(27,894)	181,115
Total	\$852,896	\$129,927	(\$19,088)	\$963,735

NOTE 5 - AD VALOREM TAXES

Article 8, Section 39 of the 1974 Louisiana Constitution provides that the District may levy an annual tax not to exceed 5.00 mills to construct and maintain levees, levee drainage, flood protection, hurricane flood protection, and all other purposes incidental thereto. If the District needs to raise additional funds in excess of the amount authorized by the constitution, the taxes in excess of 5.00 mills must be approved by a majority vote of the electors.

The District has levied a 4.54 millage for the year 1997. The rates authorized and levied have been adjusted because of reassessment of property as provided in Article 7, Section 23 of the 1974 Louisiana Constitution.

**BOSSIER LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998**

The following is a summary of taxable valuations and taxes assessed by parish for the year 1997:

	Taxable Valuations	Taxes Assessed
Bossier	\$170,198,910	\$771,705
Red River	92,400	421
Total	\$170,291,310	\$772,126

NOTE 4 - NOTES PAYABLE

In 1990, the 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 7.575 to 10.5 percent. The following is a summary of installment notes payable by the District for the year ended June 30, 1998:

Installment notes payable at June 30, 1997	\$168,799
Installment payments during fiscal year ended June 30, 1998	(2,654)
Installment notes payable at June 30, 1998	\$166,145

The following is a summary of future minimum installment payments as of June 30, 1998:

1999	\$18,880
2000	18,880
2001	18,880
2002	18,880
2003	18,880
Five years beyond 2003	139,182
Total minimum installment payments	\$183,582
Less - amount representing interest	(168,437)
Total	\$165,145

**BOSSIER LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998**

NOTE 7 - COMPENSATED ABSENCES

At June 30, 1998, employees of the District have accumulated and vested \$13,289 of employee leave benefit, which was computed in accordance with GASB Codification Section C60. This amount is recorded in the general long-term obligations account.

NOTE 8 - PENSION PLAN

All employees of the District are members of the United States Social Security System. In addition to the employee contributions withheld at 7.65% of gross salaries, the District contributes an additional 7.65% of gross salaries to the Social Security System. Aggregate pension costs for the year were \$35,537. The District does not guarantee the benefits granted by the Social Security System.

NOTE 9 - LITIGATION AND CLAIMS

At June 30, 1998, the District is involved in five lawsuits. In the opinion of the District's legal counsel, the ultimate resolution of these lawsuits will not represent a material liability to the District.

NOTE 10 - FEDERAL FINANCIAL ASSISTANCE

The District received no federal funds during the fiscal year.

BOSSIER LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE 11 - COMPENSATION PAID TO BOARD MEMBERS

The schedule of per diem payments to Board Members is presented in compliance with House Concurrent Resolution No. 34 of the 1879 Session of the Louisiana Legislature. Board members are paid \$75 per day as authorized by Louisiana Revised Statute 38:208, to a maximum of 26 days per year, for board meetings and official business. Board President Timothy Larkin, is paid a monthly salary of \$850 in lieu of per diem during his term in office.

		<u>Number</u>	<u>Amount</u>
Salaries	Timothy Larkin		<u>\$8,500</u>
Per Diem	J. Doug Brown	17	\$1,275
	John Genay	5	375
	Paul Johnson	17	1,275
	Rapmond Lasseigne	13	975
	Larry Lott, Sr.	16	1,200
	Roy Pilkinton	18	1,425
	Thomas Taylor	13	<u>975</u>
	Total		<u>\$2,500</u>

THIS PAGE INTENTIONALLY LEFT BLANK

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following pages contain a report on compliance with laws and regulations and on internal control over financial reporting 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 weaknesses in internal control or compliance matters that would be material to the presented financial statements.

George F. Delaune

CERTIFIED PUBLIC ACCOUNTANT
Practice Limited to Governmental Accounting, Auditing and Financial Reporting

Phone
OFFICE: 504-383-5222
1000 BELLMEAD
FAIRBANK, LOUISIANA
70401-1000
CELL: 504-383-5222
EMAIL: gdel@earthlink.net

Office
THE ASSOCIATED PAPERS
PERIODICALS DIVISION

Member
MEMBER-SUBSIDIARY OF THE
LOUISIANA SOCIETY OF CPAs
MEMBERSHIP NUMBER
00000000000000000000

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT ACCOUNTING STANDARDS*

Board of Commissioners of
Bossier Levee District
State of Louisiana
Bossier, Louisiana

I have audited the general purpose financial statements of the BOSSIER LEVEE DISTRICT (the "District"), a component unit of the State of Louisiana, as of and for the year ended June 30, 1998, and have issued my report thereon dated July 30, 1998. I conducted my audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Code*.

Compliance

As part of obtaining reasonable assurance about whether the Bossier Levee District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 98-1.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the District's internal control over financial reporting to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Management of the District is responsible for establishing and maintaining an internal control structure. In fulfilling that responsibility, criticism and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might constitute 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. I noted no matters involving the internal control over financial reporting and its operations that I consider to be material weaknesses.

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

George F. Robinson, CPA

July 31, 1998

**BOSSIER LEVEE DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 1998**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Bossier Levee District.
2. No reportable conditions were disclosed during the audit of the general purpose financial statements.
3. One instance of noncompliance which is considered immaterial to the general purpose financial statements of Bossier Levee District was disclosed during the audit.
4. There were no federal awards received by Bossier Levee District.

B. FINDINGS—FINANCIAL STATEMENTS AUDIT

Reportable Condition

1. **Violation of Investment Act**

Condition

Investments in time certificates of deposit were made at interest rates below the acceptable rates allowed by Louisiana Revised Statute 33:2938 although an Investment Policy in accordance with the statute was adopted several years ago.

Criteria

Louisiana Revised Statute 33:2938 specifies which investments a political subdivision of the state can invest in. According to LRS 33:2935(d) the interest rate at the time of investment shall be a rate not less than fifty (50) basis points below the prevailing market interest rate on direct obligations of the United States Treasury with a similar length of maturity.

Office

It is estimated that the District invested approximately \$325,500 in time certificates of deposit at interest rates below the legal limits thus losing approximately \$3,400 in interest that might have been earned at a higher interest rate.

Recommendation

The District should adopt an Investment Policy according to LRS 25-2856 and invest accordingly.

Response

Management concurs with the recommendation. The Investment Policy will be implemented immediately.



BOARD OF SUPERVISORS
BOSSIER LEVEE DISTRICT
POST OFFICE BOX 188
BOSSIER, LOUISIANA 70605-0188

ROBERT A. LARSEN
PRESIDENT

TEL. (504) 688-4100
FAX (504) 688-4111

LARRY LOTT, JR.
DEPUTY PRESIDENT

CORRECTIVE ACTION PLAN

July 30, 1998

B. PAUL JOHNSON
DEPUTY PRESIDENT

Legislative Auditor
State of Louisiana

ARTHUR WAGNER, JR.
MEMBER

Bossier Levee District respectfully submits the following corrective action plan for the year ended June 30, 1998.

WENDY JAMES KESTNER
MEMBER

Name and address of independent public accounting firm: George F. Delane, CPA, 7863 Archard Drive, Metairie, LA 70003-4120

J. STEPHEN BROWN
MEMBER

Audit period: July 1, 1997 to June 30, 1998

A. GUY BERRY, JR.
MEMBER

The finding from the June 30, 1998 schedule of findings is discussed below. The finding is numbered consistently with the number assigned in the schedule. Section A of the schedule, Summary of Audit Results, does not include findings and is not addressed.

J. DAN SMITH
MEMBER

B. FINDINGS—FINANCIAL STATEMENT AUDIT

THOMAS THOMAS
MEMBER

Reportable Condition

DAVID BELIN
MEMBER

1. Violation of Investment Act

Recommendation

The District should adopt an Investment Policy according to LRS 33:2755 and invest accordingly.

Action Taken

We concur with the recommendation, and it was implemented effective September 9, 1988.

If the Legislative Auditor has questions regarding this plan, please call Mary Jane Emsery, Administrative Manager at (318) 765-0668.

Sincerely yours,



Timothy K. Larkin, President