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REPORT

**STATE OF LOUISIANA
EAST JEFFERSON LINER DISTRICT**

JUNE 30, 2008

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STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT

JUNE 30, 1988

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INDEPENDENT AUDITOR'S REPORT

August 14, 1998

Board of Commissioners
East Jefferson Levee District
200 Poydras Court
Barratien, Louisiana 70023

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, 1998, 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, 1998, 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 as of June 30, 1998, 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 14, 1998 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, Hrapmann, Hogan & Maher, L.L.P.

STATE OF LOUISIANA
 EAST JEFFERSON LEVEE DISTRICT
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1998

	ASSETS		LIABILITIES		TOTAL DEFERRED CONTR. AMOUNT, 1998
	NON-CURRENT ASSETS		CURRENT LIABILITIES		
	GENERAL	SPECIAL ACCOUNTS	GENERAL FUNDS ACCOUNTS	DEFERRED CONTR. AMOUNT	
Cash (Note 5)	\$ 521,581	\$ 1,080,458	\$ --	\$ --	\$ 1,602,039
Cash in State Treasury (Note 6)	122	--	--	--	122
Receivables (Notes 1 and 2)	1,148,388	4,050,148	--	--	5,198,536
Inventory	51,991	20,875	--	--	72,866
Land (Notes 1 and 2)	--	--	1,080,884	--	1,080,884
Buildings (Notes 1 and 2)	--	--	1,000,843	--	1,000,843
Other assets	141,544	--	--	--	141,544
Equipment (Notes 1 and 2)	--	--	1,000,000	--	1,000,000
Amount to be provided for accrual of annual leave	--	--	--	300,257	(300,257)
Amount to be provided for accrual of compensatory time	--	--	--	587	(587)
TOTAL ASSETS	\$ 3,863,524	\$ 6,151,481	\$ 3,081,727	\$ 311,044	\$ 3,863,524
LIABILITIES AND FUND EQUITY					
LIABILITIES:					
Accounts payable (Note 3)	\$ 171,361	\$ 1,000,000	\$ --	\$ --	\$ 1,171,361
State retirement payable	44,134	--	--	--	44,134
Other liabilities (Notes 1 and 2)	--	--	--	175,544	175,544
Total	215,495	1,000,000	--	175,544	2,191,039
FUND EQUITY:					
Investment in general fixed assets (Note 5)	--	--	1,080,760	--	1,080,760
Fund balances:					
Reserved for future expenditures (Notes 1)	--	1,199,028	--	--	1,199,028
Unreserved - undesignated total	1,200,000	311,453	--	--	1,511,453
Total LIABILITIES and FUND EQUITY	\$ 1,215,495	\$ 6,151,481	\$ 3,081,727	\$ 311,044	\$ 3,863,524

See accompanying notes.

STATE OF LOUISIANA
 (EAST JEFFERSON LEVEE DISTRICT)
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES, BY FUNDS
 FOR THE YEAR ENDED JUNE 30, 1998

	GOVERNMENTAL FUND TYPE		TOTAL (COMBINATION ONLY)
	GENERAL	SPECIAL REVENUE	JUNE 30, 1998
REVENUES: (Note 1)			
Taxes	\$ 3,460,808	\$ 532,751	\$ 3,993,559
Intergovernmental receipts	452,840	—	452,840
Use of money and property	115,814	387,804	503,618
Other revenues	387,758	—	387,758
Total	<u>3,725,598</u>	<u>920,555</u>	<u>4,646,153</u>
EXPENDITURES: (Note 1)			
Personnel Services:			
Administration	179,680	—	179,680
Levee maintenance	645,830	—	645,830
Police	268,080	—	268,080
Employees' related benefits	888,777	—	888,777
Travel	78,882	—	78,882
Contractual services	179,055	—	179,055
Supplies	86,028	—	86,028
Equipment purchases	252,835	—	252,835
Land purchase	17,750	—	17,750
Insurance-general	168,158	—	168,158
Operating Services:			
Administration	57,607	—	57,607
Levee maintenance	175,809	—	175,809
Police	84,734	—	84,734
Hurricane protection project	—	1,800,000	1,800,000
Levee construction	—	15,790	15,790
Levee recreation projects	13,487	—	13,487
Deductions from ad valorem taxes levied:			
Assessors	62,957	—	62,957
Deputies	4,258	—	4,258
Retirement system	186,717	—	186,717
Other	12,918	1,183	14,101
Total	<u>3,886,628</u>	<u>1,818,883</u>	<u>5,705,511</u>
Excess of revenues over expenditures (expenditures over revenues)	<u>838,970</u>	<u>(898,328)</u>	<u>(59,358)</u>
OTHER FINANCING SOURCES (USES): (Note 1)			
Interfund transfers in	8,483	—	8,483
Interfund transfers out	—	(8,483)	(8,483)
Total	<u>8,483</u>	<u>(8,483)</u>	<u>—</u>
Excess (deficit) of revenues and other sources over expenditures and other uses	847,453	(906,811)	(59,358)
Fund balances - beginning of year	3,577,685	3,453,361	7,031,046
FUND BALANCES - END OF YEAR	\$ 2,140,942	\$ 2,546,550	\$ 4,687,492

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, 1998

	GENERAL FUND			SPECIAL REVENUE FUND (LEVEE IMPROVEMENT FUND)		
	BUDGET	ACTUAL	UNAVAILABLE	BUDGET	ACTUAL	VARIANCE (OVER/UNDER)
REVENUES (Data D)						
Taxes	\$ 1,000,000	\$ 1,028,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 0.00
Intergovernmental receipts	400,000	400,000	--	--	--	--
Fee of money and property	200,000	211,074	20,000	200,000	200,000	70,000
Other revenues	60,000	202,000	70,000	--	--	--
Total	1,660,000	1,641,074	190,000	300,000	300,000	70,000
EXPENDITURES (Data E)						
Personnel services:						
Administrative	100,000	100,000	0.00	--	--	--
Police services	400,000	400,000	4,000	--	--	--
Police	400,000	400,000	0.00	--	--	--
Employees' related benefits:						
Taxes	10,000	10,000	0.00	--	--	--
Contractual services	100,000	100,000	0.00	--	--	--
Operating supplies	50,000	50,000	0.00	--	--	--
Land acquisition	100,000	100,000	100,000	--	--	--
Land purchase	--	0.00	100,000	--	--	--
Insurance general	100,000	100,000	0.00	--	--	--
Operating materials:						
Maintenance	50,000	50,000	0.00	--	--	--
Lease maintenance	100,000	100,000	0.00	--	--	--
Police	100,000	100,000	0.00	--	--	--
Non-finance production project	--	--	--	1,000,000	1,000,000	0.00
Lease construction	--	--	--	50,000	50,000	0.00
Lease construction projects	10,000	10,000	10,000	--	--	--
Deductions from all revenue items for:						
Retention	50,000	50,000	0.00	--	--	--
Excises	0.00	0.00	0.00	--	--	--
Refundation system	200,000	200,000	--	--	--	--
Other	0.00	0.00	100,000	--	--	1,000
Total	1,660,000	1,641,074	290,000	1,000,000	1,000,000	0.00
Excess of revenues over expenditures, contingencies and reserves	100,000	100,000	100,000	1,000,000	100,000	100,000
OTHER FINANCING SOURCES (Data F)						
Interfund transfers in	--	0.00	0.00	--	--	--
Interfund transfers out	--	--	--	--	--	--
Total	--	0.00	0.00	--	--	--
Excess (deficit) of revenues and other sources over expenditures, and other uses	100,000	100,000	100,000	1,000,000	100,000	100,000
Fund balance - beginning of year	1,000,000	1,000,000	--	1,000,000	1,000,000	--
FUND BALANCE - END OF YEAR	\$ 1,100,000	\$ 1,100,000	\$ 200,000	\$ 1,000,000	\$ 1,100,000	\$ 100,000

See accompanying notes.

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1968

NATURE OF OPERATIONS:

The East Jefferson Levee District was created by the Louisiana State Legislature, Act 716 of 1970 effective January 1, 1970 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. 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 program 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

FUND ACCOUNTING: (Continued)

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.

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 General 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 measurements 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 households 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 accrued.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

OTHER FINANCING SOURCES (USES):

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

RESIDUAL EQUITY TRANSFERS:

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

BUDGETARY ACCOUNTING:

The Levee District prepares a budget for the General Fund and Special Revenue Fund - Levee Improvement Fund in accordance with Louisiana statutes. The State Department of Public Works reviews the budget and makes recommendations pertaining thereto to the Levee 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 1998. Therefore, budget comparisons are not included in the accompanying financial statements for the Special Revenue Fund - Land Settlement Fund.

INVESTMENTS:

Investments are recorded at cost which approximates market value. These investments are fully secured through the pledge of bank-owned securities or federal deposit insurance.

ANNUAL AND SICK LEAVE:

Levee 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 360 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 360 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, 1998, computed in accordance with MOGA Statement No. 4 and

STATE OF LOUISIANA
 EARL JEFFERSON LEVY, GOVERNOR
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

ANNUAL AND SICK LEAVE: (Continued)

1998 is estimated to be \$171,257 for the accrual of annual leave pay and 2507 for the accrual of compensatory time for a total of \$173,764. This liability has been recorded in the accompanying financial statements as a long-term debt in the General Long-Term Debt Account Group.

FUND EQUITY:

RESERVES:

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

TOTAL COLUMNS ON COMBINED STATEMENTS - EXPLANATION:

The total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in those 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 preparation of this data.

7. GENERAL FIXED ASSETS:

A summary of changes in general fixed assets follows:

	JULY 1, 1997		JUNE 30, 1998	
	DEPRECIABLE	NONDEPRECIABLE	DEPRECIABLE	NONDEPRECIABLE
Land	\$1,487,341	\$ 17,000	\$ --	\$1,499,850
Building	1,541,943	--	--	1,553,963
Equipment	1,895,995	752,825	118,583	1,777,898
TOTAL	\$4,925,279	\$770,425	\$118,583	\$6,576,131

8. 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 employees 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 44015, Baton Rouge, Louisiana 70804-0215.

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

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 45 or after age 60 with at least 18 years of accredited service are entitled to a retirement benefit, payable monthly for life, equal to 2-1/2% of their average compensation for each year of creditable service plus three hundred dollars. Participants who become 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, 1995, 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 12.4% of the salary for each employee for a total contribution of 19.9% per covered employee at June 30, 1997. The District's contributions to the System for the years ended June 30, 1996, 1997, and 1998 were \$338,884, \$142,219 and \$169,753, 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, 1998:

Deposits - cash in bank	\$ 2,424,898
Deposits - cash held by State Treasurer	503
Investments	<u>8,164,880</u>
TOTAL	<u>\$10,994,281</u>

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1990

5. DEPOSITS AND INVESTMENTS: (Continued)

Deposits:

As of June 30, 1990 the confirmed bank balances were \$2,431,501. All of the Levee District's bank deposits were covered by federal depository 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 a U.S. Treasury bill. The treasury bill is the amount of \$1,200,000 was purchased May 20, 1990 and matures August 22, 1990. The bill has a par value of \$1,820,000.

Investments:

The Levee District invests idle funds under LOS 48-3278. 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.

	CATEGORY			CARRYING AMOUNT	MARKET VALUE
	1	2	3		
Investment - FPMR median term rate	\$1,036,172	\$ --	\$ --	\$1,036,172	\$1,036,172
Investment - U.S. Treasury Notes	4,176,265	--	--	4,176,265	4,176,265
Investment - U.S. Treasury Security Savings	757,756	--	--	757,756	757,756
Investment - FHLB Discount Notes	1,013,987	--	--	1,013,987	1,013,987
Repurchase agreements	200,000	---	---	200,000	200,000
	<u>\$8,187,280</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$8,187,280</u>	<u>\$8,187,280</u>
Investment in state treasurer's investment pool				583	603
TOTAL INVESTMENTS				<u>\$8,187,863</u>	<u>\$8,187,883</u>

Interest earned on the Special Revenue - Land Settlement Fund is transferred to the General Fund.

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

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 levees, and construction of flood walls atop the 17th Street canal levee and the levees separating Jefferson and St. Charles parishes. It is estimated that East Jefferson Levee District's remaining share of the project will be approximately \$27,840,000. Before estimated federal credits of approximately \$22,100,000 for an estimated total cash cost of \$5,654,000. The liability for the Levee District's share of the project is \$1,798,000 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.

<u>FISCAL YEAR</u>	<u>AMOUNT</u>
1999	\$1,100,000
2000	998,000
2001	1,000,000
2002	900,000
2003	650,000
Subsequent to 2003	<u>856,000</u>
	<u>\$5,854,000</u>

7. FUND BALANCE RESERVES:

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

	<u>GENERAL FUND</u>	<u>SPECIAL RESERVE LEVEE IMPROVEMENTS FUND</u>
Reserve 6-30-97	\$ --	\$7,200,640
Additions	--	812,212
Payments	<u>-----</u>	<u>1,818,280</u>
Reserve 6-30-98	\$ <u>-----</u>	<u>\$8,200,012</u>

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

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. The services will be provided for an annual fee of sixty thousand dollars (\$68,000) payable by the Levee District in equal monthly installments of five thousand dollars (\$5,000). The agreement is for a primary term of equal to thirty-six (36) months beginning November 15, 1995. 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.A.S. 93:023; 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, 1998 relating to this joint agreement was \$60,000.

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. DEFERRED COMPENSATION PENSION FUND:

The Louisiana Public Employees Deferred Compensation Plan (the Plan) was adopted by the Louisiana Deferred Compensation Commission effective September 15, 1980. The plan was established in accordance with Louisiana Revised Statutes 40:1381 through 40:1388 and section 457 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.

All deferred compensation, property and rights purchased with deferred compensation and income or earnings 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. The maximum amount of compensation which may be deferred during a calendar year shall not exceed the lesser of 25% of a participant's adjusted gross income or \$7,500.

Contributions to the Plan by employees totaled \$2,005 for the year ended June 30, 1998. The Levee District does not contribute to the Plan.

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

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, 1998, the total cost of retiree's premiums was \$28,018.

STATE OF LOUISIANA
 EAST JEFFERSON LEVEE DISTRICT
 COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
JUNE 30, 1998

ASSETS			
	LEVEE IMPROVEMENT FUND	LAND SETTLEMENT FUND	TOTAL
Cash	\$ 1,000,400	\$ ---	\$ 1,000,400
Investments	6,700,480	271,700	6,972,180
Receivables	<u>13,005</u>	<u>---</u>	<u>13,005</u>
TOTAL ASSETS	<u>\$ 8,799,000</u>	<u>\$ 271,700</u>	<u>\$ 9,070,700</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES:			
Accounts payable	\$ 1,800,000	\$ ---	\$ 1,800,000
FUND EQUITY:			
Fund balances:			
Reserved for Levee Improvements	6,299,000	---	6,299,000
Unreserved--undesignated	<u>---</u>	<u>271,700</u>	<u>271,700</u>
Total	<u>6,299,000</u>	<u>271,700</u>	<u>6,570,700</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 8,099,000</u>	<u>\$ 271,700</u>	<u>\$ 8,370,700</u>

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, 1999

	LEVEE IMPROVEMENT FUND	LAND SETTLEMENT FUND	TOTAL
REVENUE:			
Taxes	\$ 532,751	\$ --	\$ 532,751
Use of money and property	<u>379,463</u>	<u>8,403</u>	<u>387,866</u>
Total	<u>912,214</u>	<u>8,403</u>	<u>920,617</u>
EXPENDITURES:			
Hurricane protection project	1,800,000	--	1,800,000
Levee construction	15,780	--	15,780
Other	<u>1,183</u>	<u>--</u>	<u>1,183</u>
Total	<u>1,816,863</u>	<u>--</u>	<u>1,816,863</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(904,649)</u>	<u>8,403</u>	<u>(896,246)</u>
Other financing sources (uses):			
Interfund transfers in	--	--	--
Interfund transfers out	<u>--</u>	<u>(8,403)</u>	<u>(8,403)</u>
Total	<u>--</u>	<u>(8,403)</u>	<u>(8,403)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(904,649)</u>	<u>--</u>	<u>(904,649)</u>
Fund balance - beginning of year	<u>7,203,661</u>	<u>271,708</u>	<u>7,475,369</u>
FUND BALANCE - END OF YEAR	<u>\$ 6,298,992</u>	<u>\$ 271,708</u>	<u>\$ 6,570,700</u>

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
SUPPLEMENTARY INFORMATION
JUNE 30, 1986

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 Ponchartraine 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 law suits.

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 1996

NAME	
Walter Babbs	\$2,325
Ronald Zibilich	2,700
Marianna Morales Zimmer	2,700
Patrick Bossetta	2,625
TOTAL	<u>14,350</u>

Per diem payments are authorized by Louisiana Revised Statute 38:309 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 LEASE 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, 1998

August 14, 1998

Board of Commissioners
 East Jefferson Lease District
 203 Poydras Court
 Metairie, Louisiana 70123

We have audited the combined component unit and the combining and individual fund financial statements of the East Jefferson Lease District as of and for the year ended June 30, 1998, and have issued our report thereon dated August 14, 1998. 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 Lease 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 Parish Lease 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.

Daphney Chapman, Megan & Parker LLP