
9-11-1999

PONTCHARTRAIN LEVEE DISTRICT, LOUISIANA COPY

FINANCIAL REPORT

JUNE 30, 1999

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 ~~OCT 6 1999~~



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PONTCHARTRAIN LEVEE DISTRICT, LOUISIANA

FINANCIAL REPORT

JUNE 30, 1999



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108 MEMORIAL DRIVE • POST OFFICE BOX 1190 • DONALDSONVILLE, LOUISIANA 70346 • TELEPHONE (504) 473-4179 • FAX (504) 473-7204

INDEPENDENT AUDITORS' REPORT

Board of Levee Commissioners of
Pontchartrain Levee District
State of Louisiana
Lutcher, Louisiana

We have audited the accompanying general purpose financial statements of the Pontchartrain Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 1999. These general purpose financial statements are the responsibility of the Pontchartrain Levee District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Pontchartrain Levee District as of June 30, 1999, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 9, 1999 on our consideration of the Pontchartrain Levee District's internal control over financial reporting and our test of its compliance with laws, regulations, contracts, and grants.

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

The year 2000 supplementary information on page 23 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the Pontchartrain Levee District is or will become year 2000 compliant, that the District's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the District does business are or will become year 2000 compliant.

Postlethwaite & Netterville
Donaldsonville, Louisiana
September 9, 1999

PONTCHARTRAIN LEVEE DISTRICT

Statement A
1 of 2

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1999

	Governmental Fund Types		Account Groups		Total (Memorandum Only)
	General	Capital Projects	General Fixed Assets	General Long-Term Debt	
<u>ASSETS</u>					
Cash	\$ 599,995	\$ 578,523	\$ -	\$ -	\$ 1,178,518
Certificates of Deposit	8,786,000	2,154,000	-	-	10,940,000
Investments	699,490	12,672,229	-	-	13,371,719
Receivable, net	148,858	5,733	-	-	154,591
Due from other funds	-	1,013,971	-	-	1,013,971
Inventories, at cost	20,744	-	-	-	20,744
Fixed assets	-	-	2,619,412	-	2,619,412
Amount to be provided for retirement of general long-term obligations	-	-	-	118,838	-
TOTAL ASSETS	\$ 10,255,087	\$ 16,424,456	\$ 2,619,412	\$ 118,838	\$ 29,417,793



The accompanying notes are an integral part of this statement.

PONTCHARTRAIN LEVEE DISTRICT

Statement A
2 of 2

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1999

	Governmental Fund Types		Account Groups		Total (Memorandum Only)
	General	Capital Projects	General Fixed Assets	General Long-Term Debt	
<u>LIABILITIES AND EQUITY</u>					
Liabilities:					
Accounts payable	\$ 24,478	\$ 13,622	\$ -	\$ -	\$ 38,100
Salaries and wages payable	50,505	-	-	-	50,505
Due to other funds	1,012,833	1,138	-	-	1,013,971
Accrued liabilities	10,919	-	-	-	10,919
Bonds and interest payable - current	-	-	-	-	-
Deposits held	-	-	-	-	-
Other - compensated liabilities	-	-	-	118,838	118,838
Total liabilities	1,098,735	14,760	-	118,838	1,232,333
Fund Equity:					
Investment in general fixed assets	-	-	2,619,412	-	2,619,412
Fund balance:					
Reserved for inventory	20,744	-	-	-	20,744
Reserved for flood fight/contingencies	50,000	-	-	-	50,000
Reserved for emergencies	25,000	-	-	-	25,000
Unreserved-undesignated	9,060,608	16,409,696	-	-	25,470,304
Total equity	9,156,352	16,409,696	2,619,412	-	28,185,460
TOTAL LIABILITIES AND FUND EQUITY	\$ 10,255,087	\$ 16,424,456	\$ 2,619,412	\$ 118,838	\$ 29,417,793

The accompanying notes are an integral part of this statement.



PONTCHARTRAIN LEVEE DISTRICT

Statement B

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 1999**

	<u>General</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>
<u>REVENUES</u>			
Taxes	\$ 3,730,449	\$ -	\$ 3,730,449
Intergovernmental revenues	306,849	988,935	1,295,784
Investment Income	448,621	572,780	1,021,401
Other - Sale of Equipment/Miscellaneous	61,700	-	61,700
Total revenues	<u>4,547,619</u>	<u>1,561,715</u>	<u>6,109,334</u>
<u>EXPENDITURES</u>			
General administrative	1,008,040	-	1,008,040
Employee related benefits	375,648	-	375,648
Travel	18,729	-	18,729
Operating services	270,384	-	270,384
Materials and supplies	78,215	-	78,215
Professional services	65,807	129,341	195,148
Capital outlay	119,859	22,401	142,260
Other charges	120,224	150,000	270,224
Total expenditures	<u>2,056,906</u>	<u>301,742</u>	<u>2,358,648</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,490,713</u>	<u>1,259,973</u>	<u>3,750,686</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating transfers in	-	3,000,000	3,000,000
Operating transfers out	(3,000,000)	-	(3,000,000)
Total other financing sources (uses)	<u>(3,000,000)</u>	<u>3,000,000</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES	<u>(509,287)</u>	<u>4,259,973</u>	<u>3,750,686</u>
<u>FUND BALANCE</u>			
BEGINNING OF YEAR	<u>9,665,639</u>	<u>12,149,723</u>	<u>21,815,362</u>
END OF YEAR	<u>\$ 9,156,352</u>	<u>\$ 16,409,696</u>	<u>\$ 25,566,048</u>

The accompanying notes are an integral part of this statement.



PONTCHARTRAIN LEVEE DISTRICT

Statement C

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL- GENERAL FUND
YEAR ENDED JUNE 30, 1999**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<u>REVENUES</u>			
Ad valorem taxes	\$ 3,639,100	\$ 3,724,982	\$ 85,882
State revenue sharing	302,200	306,849	4,649
Interest on delinquent taxes	1,500	5,467	3,967
Sale of equipment	34,000	61,526	27,526
Interest earnings	403,000	448,795	45,795
Other - Sale of Equipment/Miscellaneous	2,000	-	(2,000)
Total revenues	<u>4,381,800</u>	<u>4,547,619</u>	<u>165,819</u>
<u>EXPENDITURES</u>			
Executive and administrative:			
President's salary	8,400	-	8,400
President's expenses	1,200	-	1,200
Commissioners' per diems	21,600	17,550	4,050
Commissioners' mileage	6,000	2,961	3,039
Secretary's salary	7,200	7,200	-
Convention and meeting expenses	12,000	7,329	4,671
Membership dues	7,500	5,360	2,140
Employees' related benefits:			
Social security	1,800	1,535	265
Medicare	450	359	91
Retirement	-	-	-
Subtotal executive and administrative	<u>66,150</u>	<u>42,294</u>	<u>23,856</u>
General administrative:			
Salaries:			
Clerical	70,000	65,724	4,276
Executive director	56,000	56,020	(20)
Project manager	35,000	37,191	(2,191)
Professional services:			
Legal (attorney)	24,000	25,264	(1,264)
Consultant Engineer	24,000	20,500	3,500
Consultant/Attorneys' Expenses	2,800	4,307	(1,507)

The accompanying notes are an integral part of this statement.



PONTCHARTRAIN LEVEE DISTRICT

Statement C

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL- GENERAL FUND
YEAR ENDED JUNE 30, 1999**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<u>EXPENDITURES (CONT'D)</u>			
General administrative (Cont'd)			
Employees' related benefits:			
Medicare	\$ 2,000	\$ 1,949	\$ 51
Retirement contributions	20,000	19,180	820
Social security	-	1,565	(1,565)
Group insurance	26,000	24,031	1,969
Supplies	8,500	5,923	2,577
Operating services	25,650	23,331	2,319
Insurance consultant	4,000	-	4,000
Rentals	4,500	894	3,606
Computer expenses	6,500	6,352	148
Travel and other charges	6,000	3,603	2,397
Janitorial Services	5,500	4,975	525
Miscellaneous	2,000	1,495	505
Acquisitions for office	13,000	3,768	9,232
Accounting services	8,000	9,293	(1,293)
Civil service fee	4,500	4,096	404
Audit expense	13,000	10,750	2,250
Maintenance of property/equipment	14,500	3,184	11,316
Deductions from ad valorem taxes - pension fund	132,500	114,633	17,867
Subtotal general administrative expenditures	<u>507,950</u>	<u>448,028</u>	<u>59,922</u>
Levee maintenance:			
Salaries:			
Regular	\$ 735,000	\$ 722,811	\$ 12,189
Overtime	15,000	1,950	13,050
Employees' related benefits:			
Retirement	67,000	76,176	(9,176)
Social security	500	-	500
Medicare	2,000	1,566	434
Group insurance	211,400	216,378	(4,978)
Operating services	15,500	8,139	7,361
Maintenance and repairs	96,700	84,913	11,787
Materials and supplies	95,500	64,295	31,205
Travel and other charges	1,500	229	1,271
Equipment and vehicles	305,000	96,292	208,708
Subtotal levee maintenance	<u>1,545,100</u>	<u>1,272,749</u>	<u>272,351</u>

The accompanying notes are an integral part of this statement.



PONTCHARTRAIN LEVEE DISTRICT

Statement C

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL-GENERAL FUND
YEAR ENDED JUNE 30, 1999**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<u>EXPENDITURES (CONT'D)</u>			
Levee police:			
Salaries:			
Regular	\$ 119,000	\$ 99,594	\$ 19,406
Overtime	2,000	-	2,000
Employees' related benefits:			
Retirement	9,500	12,350	(2,850)
Medicare	440	333	107
Group insurance	18,765	20,226	(1,461)
Materials and supplies	16,500	7,997	8,503
Maintenance - property and equipment	3,000	3,418	(418)
Purchase of equipment	27,000	19,799	7,201
Public official bonds	250	250	-
Travel and other charges	1,000	300	700
Subtotal levee police	<u>197,455</u>	<u>164,267</u>	<u>33,188</u>
Other - insurance	165,500	129,568	35,932
Flood fight contingency fund	50,000	-	50,000
Emergencies	25,000	-	25,000
Ascension Parish Study	-	-	-
Total expenditures	<u>2,557,155</u>	<u>2,056,759</u>	<u>500,396</u>
 EXCESS OF REVENUES OVER EXPENDITURES	 1,824,645	 2,490,860	 666,215
 OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(3,000,000)</u>	<u>(3,000,000)</u>	<u>-</u>
 EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	 (1,175,355)	 (509,287)	 666,068
 FUND BALANCE AT BEGINNING OF YEAR	 <u>7,824,230</u>	 <u>9,665,640</u>	 <u>1,841,410</u>
 FUND BALANCE AT END OF YEAR	 <u>\$ 6,648,875</u>	 <u>\$ 9,156,353</u>	 <u>\$ 2,507,478</u>

The accompanying notes are an integral part of this statement.



PONTCHARTRAIN LEVEE DISTRICT

NOTES TO FINANCIAL STATEMENTS

INTRODUCTION

The Pontchartrain Levee District was created by Louisiana Revised Statute (LSA-R.S.) 38:291(L). The levee district includes all or portions of the following parishes: East Baton Rouge, Iberville, Ascension, St. James, St. John the Baptist, and St. Charles. The levee district primarily provides flood protection for those areas contained in the district. The governing board administers the operations and responsibilities of the levee district in accordance with provisions of Louisiana statutes. The Board of Commissioners of the Pontchartrain Levee District consists of nine members appointed by the governor.

1. Summary of Significant Accounting Policies

A. Basis of Presentation

In April 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 GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

B. Reporting Entity

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

C. Fund Accounting

The levee district used funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.



PONTCHARTRAIN LEVEE DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

C. Fund Accounting (continued)

Funds of the levee district that are presented in the financial statements are classified as governmental funds.

Governmental funds account for the levee district's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds of the levee district include:

1. *General Fund* - the general operating fund of the levee district and accounts for all financial resources, except those required to be accounted for in other funds.
2. *Capital Projects Fund* - accounts for financial resources received and used for the acquisition, construction, or improvements of capital facilities not reported in the other governmental funds.

The account groups are not funds. They are concerned only with the measurement of financial position, not with the measurement of results of operations. Account groups are used to establish accounting control and accountability for the district's general fixed assets and general long-term debt.

1. *General Fixed Asset Account Group* -- Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed asset account group, rather than in the governmental funds.
2. *General Long-Term Debt Account Group* -- Compensated absences payable that are expected to be financed from governmental funds is accounted for in the general long-term debt account group.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental funds. The governmental funds use the following practices in recording revenues and expenditures:



PONTCHARTRAIN LEVEE DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Revenues

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

Interest income on demand deposits, certificates of deposits, and investments are recorded when earned and available.

Rents are recorded in the year 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, except for accumulated annual and sick leave, which are recognized when paid.

Other Financing Sources (Uses)

Transfers between funds which are not expected to be repaid are accounted for as other financial sources (uses) and are recognized when they become measurable and available. Amounts received from the sale of fixed assets and insurance settlements are recognized when the funds are received.

E. Budget Practices

The proposed General Fund budget for the fiscal year ended June 30, 1999, was completed and made available for public inspection at the levee district's main office on March 16, 1998, and formally adopted on that date. The budget, which included proposed expenditures and the means of financing them for the General Fund, was published in the official journal on April 2, 1998. In addition to the budget, the official journal published a solicitation for comments and questions that could be addressed in the public meeting.

All appropriations lapse at year end. The levee district does not recognize encumbrances. Budget amounts included in the accompanying financial statements include the original adopted budget amounts as amended. The budget practices of the Pontchartrain Levee District are subject to the provisions of LSA-R.S. 38:318.



PONTCHARTRAIN LEVEE DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

F. Cash and Certificates of Deposit

Cash includes petty cash, money market accounts, and cash in the state treasury. Under state law, the Pontchartrain Levee District may deposit funds and invest in Certificates of Deposit within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States.

G. Investments

The Pontchartrain Levee District may also invest in bonds, debentures and other indebtedness which are fully guaranteed by the United States, issued or guaranteed by federal agencies backed by full faith and credit of the United States and issued or guaranteed by United States government instrumentalities which are federally sponsored. Investments are stated at fair value determined by quoted market prices.

Investment income includes interest earned, realized gains and losses and unrealized gains and losses (changes in fair value).

H. Inventories

Inventories of fuel and mower parts are valued at the lower of cost or market and are recorded as expenditures at the time individual inventory items are purchased. The levee district uses a periodic inventory system and values its inventory using the first-in, first-out (FIFO) valuation method. Reported inventories are equally offset by a fund balance reserve that indicates they do not constitute available spendable resources even though they are components of net current assets.

I. Fixed Assets and General Long-Term Obligations

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. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

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

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



PONTCHARTRAIN LEVEE DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

J. Compensated Absences

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

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the General Fund when the leave is actually taken. The cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

K. Postemployment Health Care and Life Insurance Benefits

The Pontchartrain Levee District provides certain continuing health care and life insurance benefits for its retired employees. The levee district recognized the cost of providing these retiree benefits as an expenditure when paid during the year.

L. Fund Equity - Reserves and Designated Fund Balances

Reserves represent those portions of fund equity not appropriable for expenditure and are legally segregated for a specific future use. Designated fund balances are those portions of fund equity set aside by the board of levee commissioners for specific future use. It should be noted that unreserved fund balance in the General Fund was created for the purpose of gradually accumulating sufficient funds to pay the Pontchartrain Levee District's portion of the cost of the Lake Pontchartrain Hurricane Protection Fund Project. The estimated total cost to the Pontchartrain Levee District for the hurricane protection project over approximately 25 years is \$28,934,000.

M. Total Columns on Statements

The total columns on the statements are captioned Memorandum Only (overview) 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.

PONTCHARTRAIN LEVEE DISTRICT

NOTES TO FINANCIAL STATEMENTS

2. **Cash and Certificates of Deposit**

At June 30, 1999, the levee district has cash and Certificates of Deposit (book balances) totaling \$12,118,518 as follows:

Petty Cash	\$	25
Money market accounts		668,885
Cash with state treasury		<u>509,608</u>
Total		<u>1,178,518</u>
Certificates of Deposit		<u>10,940,000</u>
Total Deposits	\$	12,118,518

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, 1999, exclusive of the \$501,426 on deposit with the state treasury, the levee district has \$12,068,878 in deposits (collected bank balances). These deposits are secured from risk by \$601,114 of federal deposit insurance, \$11,467,764 of pledged securities held by the financial institution's agent in the name of the levee district (GASB Category 2).

Cash and cash equivalents include amounts on deposit with the state treasury totaling \$501,426. Securities pledged for cash in the state treasury is not included in the previous computations as these amounts are secured by fiscal agent banks established by the state treasury independent of the levee district (GASB Category 1).

3. **Investments**

At June 30, 1999, the investments of the levee district consisted of United States Treasury Bills. The securities are held by the bank's trust department in the name of the levee district (GASB Category 2).

Investment income at June 30, 1999 consists of the following:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Interest Income	\$ 448,621	\$ 563,970	\$ 1,012,591
Change in Market Value	(-)	(8,810)	(8,810)
	<u>\$ 448,621</u>	<u>\$ 572,780</u>	<u>\$ 1,021,401</u>



PONTCHARTRAIN LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS

4. **Receivables**

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

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Ad valorem taxes	\$ 64,788	\$ -	\$ 64,788
Intergovernmental receivable	-	-	-
Use of money and property - interest earnings	<u>84,070</u>	<u>5,733</u>	<u>89,803</u>
Total	<u>\$ 148,858</u>	<u>\$ 5,733</u>	<u>\$ 154,591</u>

Any immaterial accounts not collected in the subsequent accounting period will be written off to the related revenue accounts.

5. **Changes in General Fixed Assets**

A summary of changes in general fixed assets follows:

	<u>Balance July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1999</u>
Land	\$ 765,082	\$ -	\$ -	\$ 765,802
Buildings	461,004	-	-	461,004
Equipment	<u>1,468,612</u>	<u>116,843</u>	<u>(192,129)</u>	<u>1,393,326</u>
Total	<u>\$ 2,694,698</u>	<u>\$ 116,843</u>	<u>(\$192,129)</u>	<u>\$ 2,619,412</u>

Capital outlay expenditures of \$22,401 within the Capital Projects Fund, as disclosed on Statement B, consist of levee project costs (infrastructure) and are not capitalized.



PONTCHARTRAIN LEVEE DISTRICT

NOTES TO FINANCIAL STATEMENTS

6. **Pension Plan**

The Pontchartrain Levee District contributes to the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. LASERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. LASERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LASERS, 8401 United Plaza Blvd., Baton Rouge, LA 70809 or by calling (225) 922-0600.

Plan members are required to contribute 7.5% of their annual covered salary and Pontchartrain Levee District is required to contribute at an actuarially determined rate. The current rate is 12.4% of annual covered payroll. The contribution requirements of plan members are established by Louisiana Revised Statute 11:61. The contribution requirements of the Pontchartrain Levee District is established under Louisiana Revised Statute 11:101 – 11:104 annually by the Actuarial Forecasting Committee. The Levee District's contributions for the year ending June 30, 1999, 1998 and 1997 were \$107,009, \$97,343 and \$94,695, respectively, equal to the required contributions each year.

7. **Postemployment Health Care and Life Insurance Benefits**

The levee district provides certain continuing health care and life insurance benefits for its retired employees. Substantially all the levee district's employees become eligible for these benefits if they reach normal retirement age while working for the levee district. These benefits for retirees and similar benefits for active employees are provided through the State Employees Group Benefits Program whose monthly premiums are paid jointly by the employee and the levee district. The levee district recognizes the cost of providing these benefits as an expenditure when paid during the year. For the year ended June 30, 1999, the cost of providing benefits for 28 retirees totaled \$93,897.

8. **Compensated Absences**

At June 30, 1999, employees of the levee district have accumulated and vested \$118,838 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. This amount is recorded within the general long-term obligations account group.

9. **Changes in General Long-Term Obligations**

The following is a summary of the long-term obligation transactions for the year ended June 30, 1999:

	<u>Long-Term Obligations Payable at July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Long-Term Obligations Payable at June 30, 1999</u>
Compensated absences	\$ 111,977	\$ 6,861	\$ -	\$ 118,838



PONTCHARTRAIN LEVEE DISTRICT

NOTES TO FINANCIAL STATEMENTS

10. Litigation and Claims

The levee district is a defendant or co-defendant in several lawsuits. In the opinion of legal counsel for the levee district, resolution of the cases involving negligence will not result in judgments against the levee district in excess of amounts currently covered by insurance. Furthermore, the anticipated outcome of suits claiming compensation for property taken by the levee district will be resolved either in the favor of the levee district or will not involve amounts which are considered material to the financial statements.

11. Intergovernmental Revenues

The following is a summary of intergovernmental revenues at June 30, 1999:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
State revenue sharing	\$ 306,849	\$ -	\$ 306,849
Department of Transportation and Development	-	568,585	568,585
St. Charles Parish Council	-	420,350	420,350
Total	\$ 306,849	\$ 988,935	\$1,295,784

12. Construction Commitments

Lake Pontchartrain and Vicinity Hurricane Protection Project

The federal government has agreed to finance 70 percent of the cost of the Lake Pontchartrain and Vicinity Hurricane Protection Project, and the Pontchartrain Levee District will pay the remaining 30 percent of the cost. This agreement is in accordance with the Flood Control Act of 1965 as modified by the Water Resources Development Act of 1974. Local non-federal sources are required to pay at least 30 percent of the total project costs for the St. Charles portion of the Lake Pontchartrain and Vicinity Hurricane Protection Project.

The local and non-federal portion of the project is estimated to be \$28,934,000. The Pontchartrain Levee District has entered into an agreement with St. Charles Parish whereby the Pontchartrain Levee District will pay 80 percent of the non-federal portion of project costs, and St. Charles Parish will provide the remaining 20 percent.

St. Charles Parish's 20 percent commitment will be paid in 25 annual installments due and payable before the 15th day of June of each year, commencing on June 15, 1991. Accordingly, \$420,350 was received from St. Charles Parish in 1999 for its portion of the non-federal portion of the project.



PONTCHARTRAIN LEVEE DISTRICT

NOTES TO FINANCIAL STATEMENTS

12. Construction Commitments (continued)

Section 9 of Act 45 of the 1994 Capital Outlay Appropriations provided that all of the funds appropriated for ports and levee districts shall be administered under cooperative endeavor agreements. On February 9, 1996, the Pontchartrain Levee District entered into a cooperative endeavor agreement with the Louisiana Department of Transportation and Development (DOTD). These funds were used to provide the required local match for the cost of the Lake Pontchartrain and Vicinity Hurricane Protection Project. From inception through June 30, 1999, the Pontchartrain Levee District's total accumulated expenditures for this project were \$12,208,346.

The total estimated remaining cost to be incurred by the Pontchartrain Levee District is \$16,725,654

West Shore Feasibility Study

The Pontchartrain Levee District has entered into an agreement with the U.S. Corps of Engineers whereby the Corps will conduct a "Feasibility Phase Study" to assess the extent of Federal interest in participating in a solution to the problem of hurricane protection and flood control in St. John the Baptist Parish. The Water Resources Act of 1996 requires local non-federal funding of 50% of the study cost.

The local non-federal portion of the study is estimated to be \$1,374,900. The Pontchartrain Levee District has entered into an agreement with St. John the Baptist Parish whereby the Pontchartrain Levee District will pay 77.5% of the non-federal portion of the study cost, and St. John the Baptist Parish will provide the remaining 22.5%.

The Pontchartrain Levee District has not received any funding from St. John the Baptist Parish for the year ended June 30, 1999. The estimated remaining amount to be received from St. John the Baptist Parish is \$253,100.

The estimated remaining cost to be incurred by the Pontchartrain Levee District is \$1,224,900.

13. Levee District Taxes

Article 6, Section 39 of the 1974 Louisiana Constitution provides that for the purpose of constructing and maintaining levees, levee drainage, flood protection, hurricane flood protection, and for all other purposes incidental thereto, the levee district may levy annually a tax not to exceed five mills. If the levee district needs to raise additional funds in excess of the amount collected constitutionally, the taxes in excess of five mills must be approved by a majority vote of the electors. The levee district has levied a tax of 3.82 mills.

COMBINING STATEMENTS

SUPPLEMENTAL INFORMATION



PONTCHARTRAIN LEVEE DISTRICT
Lutcher, Louisiana

CAPITAL PROJECTS FUNDS
JUNE 30, 1999

Capital Projects Funds account for financial resources received and used for the acquisition, construction, or improvements of capital facilities not reported in the other governmental funds.

Special Construction Fund - This fund is used to account for the District's expenditures associated with the Lake Pontchartrain and Vicinity Hurricane Protection Project.

West Shore Feasibility Study Fund - This fund is used to account for the District's expenditures associated with the West Shore Feasibility Study.



PONTCHARTRAIN LEVEE DISTRICT

COMBINING BALANCE SHEET - ALL CAPITAL PROJECTS FUNDS

JUNE 30, 1999

	<u>Special Construction Fund</u>	<u>West Shore Feasibility Study Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 577,409	\$ 1,114	\$ 578,523
Certificates of Deposit	2,154,000	-	2,154,000
Investments	11,745,931	926,298	12,672,229
Receivable, net	-	5,733	5,733
Due from other funds	1,000,000	13,971	1,013,971
TOTAL ASSETS	<u>\$ 15,477,340</u>	<u>\$ 947,116</u>	<u>\$ 16,424,456</u>
 <u>LIABILITIES AND EQUITY</u>			
Liabilities:			
Accounts payable	\$ 13,622	\$ -	\$ 13,622
Due to other funds	\$ 1,138	\$ -	-
Total liabilities	<u>\$ 14,760</u>	<u>-</u>	<u>14,760</u>
 Fund balance			
Unreserved-undesignated	15,462,580	947,116	16,409,696
Total equity	<u>15,462,580</u>	<u>947,116</u>	<u>16,409,696</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 15,477,340</u>	<u>\$ 947,116</u>	<u>\$ 16,424,456</u>



PONTCHARTRAIN LEVEE DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - ALL CAPITAL PROJECTS FUNDS**

JUNE 30, 1999

	Special Construction Fund	West Shore Feasibility Study Fund	Total
<u>REVENUES</u>			
Intergovernmental revenue	\$ 988,935	\$ -	\$ 988,935
Investment income	539,843	32,937	572,780
Total revenues	<u>1,528,778</u>	<u>32,937</u>	<u>1,561,715</u>
<u>EXPENDITURES</u>			
Capital outlay	22,401	-	22,401
Professional services	129,341		
Feasibility phase study		150,000	
Total expenditures	<u>151,742</u>	<u>150,000</u>	<u>301,742</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,377,036</u>	<u>(117,063)</u>	<u>1,259,973</u>
<u>OTHER FINANCING SOURCES</u>			
Operating transfers in	<u>3,000,000</u>	<u>-</u>	<u>3,000,000</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	4,377,036	(117,063)	4,259,973
<u>FUND BALANCE</u>			
BEGINNING OF YEAR	<u>11,085,544</u>	<u>1,064,179</u>	<u>12,149,723</u>
END OF YEAR	<u>\$ 15,462,580</u>	<u>\$ 947,116</u>	<u>\$ 16,409,696</u>



PONTCHARTRAIN LEVEE DISTRICT

SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended June 30, 1999

PER DIEM PAID BOARD MEMBERS

The schedule of per diem paid to the board members of the Pontchartrain Levee District is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Per diem payments are authorized by Louisiana Revised Statute 38:308 and are included in the general administrative expenditures of the General Fund. Board members are paid \$75 per meeting for up to 36 meetings each year. The board president, Mr. Aubrey J. LaPlace, has elected to forgo receipt of payment for his services since the year ended June 30, 1996.

	<u>Year Ended</u> <u>June 30, 1999</u>
Jesse Bartley	\$ 2,700
LeVerne Brown	1,800
Timothy Kane	1,725
Joseph Gautreau	2,700
Kernell Goudia	2,175
David Laborde	2,700
Charles Thornton	1,050
Michael Reames	<u>2,700</u>
Total	\$ 17,550



PONTCHARTRAIN LEVEE DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 1999

YEAR 200 ISSUES

The Year 2000 Issue consists of two shortcomings that make computer processing systems unable to read year-date data beyond the year 1999. The first shortcoming is many computer programs contain abbreviated dates which eliminate the first two digits of the year. Therefore, some computer programs may recognize January 1, 2000 as January 1, 1900 and process data incorrectly or stop processing altogether. The second shortcoming is some computers will be unable to detect the year 2000 is a leap year and may not register the additional day and data calculations may be incorrect.

The District uses computers for financial management and word processing. The District has installed updates to its hardware and software applications to make them Year 2000 compliant. The District receives substantial financial assistance from other governmental entities. Additionally, the State of Louisiana, the Department of the Treasury, handles some of the Districts treasury functions and inventory of equipment. The status of these other entities with regards to Year 2000 compliance is not known.

OTHER REPORTS REQUIRED

BY

CERTIFIED PUBLIC ACCOUNTANTS





Postlethwaite & Netterville

A Professional Accounting Corporation
CERTIFIED PUBLIC ACCOUNTANTS

108 MEMORIAL DRIVE • POST OFFICE BOX 1190 • DONALDSONVILLE, LOUISIANA 70346 • TELEPHONE (504) 473-4179 • FAX (504) 473-7204

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Levee Commissioners of
Pontchartrain Levee District
State of Louisiana
Lutcher, Louisiana

We have audited the general purpose financial statements of Pontchartrain Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated September 9, 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 the Pontchartrain Levee Districts, a component unit of the State of Louisiana, general purpose 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 the Pontchartrain Levee District's, a component unit of the State of Louisiana, internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item B-1.

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 general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described above is not a material weakness.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Postlethwaite & Methivilly

Donaldsonville, Louisiana
September 9, 1999



PONTCHARTRAIN LEVEE DISTRICT
Lutcher, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1999

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unqualified opinion of the financial statements of the Pontchartrain Levee District.
2. One reportable condition relating to the audit of the financial statements is reported at B-1 in this schedule. This condition is not a material weakness.
3. No instances of noncompliance material to the financial statements of the Pontchartrain Levee District were disclosed during the audit.

B. REPORTABLE CONDITION

1. Lack of Segregation of Duties

Condition: The performance of accounting procedures is limited to two people.

Criteria: Internal controls should be in place that provide reasonable assurance that financial transactions are properly recorded and accounted for. Segregation of duties is an integral part of internal controls.

Effect: There is insufficient segregation of duties to have effective internal control.

Recommendation: No action is recommended.

Response: We concur in the finding and recommendation. Compensating controls exist in that the Board reviews all invoices before they are paid and the majority of revenue is received directly by the State Treasury. Additionally, it would not be cost-effective to increase the size of the staff to achieve effective segregation of duties.



PONTCHARTRAIN LEVEE DISTRICT
Lutcher, Louisiana

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 1999

A. INTERNAL CONTROL AND COMPLIANCE

1. This District had no findings in the prior year.

