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**ATCHAFALAYA BASIN LEVEE DISTRICT
 STATE OF LOUISIANA**

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 2001

**General Purpose Financial Statements
 and Independent Auditors' Reports**

**As of June 30, 1998
 and for the Years Ended June 30, 1998 and 1997**

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 NOV 2 2001

GEORGE F. DELAUNE
LEROY J. CHASTIX*
 CERTIFIED PUBLIC ACCOUNTANTS

ATCHAFALAYA BASIN LEVEE DISTRICT
325 COURT STREET
PORT ALLEN, LOUISIANA 70477
(504) 387-2249

GOVERNING BOARD

PARISH	COMMISSIONER
Assumption	Cora M. Alexander
Assumption	Earl Matharna
Iberia	Ferdinand Brown
Iberville	Erica Will
Iberville	Gene Seneca
Iberville	T. Mavy Thomas
Poite Coupe	Mark Engstrom
Poite Coupe	Wayne Griffin
St. Landry	David Smith
St. Martin	Charles L. Street
St. Martin	Ray Briggan
St. Mary	Merlin Dupre
West Baton Rouge	Mike Marcanto
West Baton Rouge	Johnny Seaton

Robert C. Wilkinson, Chief Executive

William C. Dupont, Legal Counsel

MEETING DATES

1st Wednesday of Every Month
5:00 PM - District's Office

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GEORGE F. DELAUNE
LEROY J. CHUSTZ*
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Board of Commissioners
Atchafalaya Basin Lower District
Port Allen, Louisiana

We have audited the accompanying general purpose financial statements of the ATCHAFALAYA BASIN LOWER DISTRICT (the "District"), a component unit of the State of Louisiana, as of June 30, 1998, and for the years ended June 30, 1998 and 1997, as listed in the Table of Contents. These general purpose financial statements are the responsibility of management of the District. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our 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*. These 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 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.

We were unable to obtain a discussion or evaluation from the District's outside legal counsel of the pending or threatened litigation described in Note 10.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain a discussion or evaluation of pending or threatened litigation from the District's outside legal counsel as discussed in the preceding paragraph, the general purpose financial statements related to it 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 years ended June 30, 1998 and 1997, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 14, 1998, on our consideration of the District's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

George F. Johnson, CPA

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Larry J. White, CPA

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(504) 662-3002

September 24, 1998

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ATKINSVILLE BOARD OF LOCAL DISTRICTS
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1998

	Commodities Held For Sale		Accounts Receivable		Accounts Payable		Total
	Amount	Quantity	Amount	Quantity	Amount	Quantity	
ASSETS							
Cash	8,029.00		12,671.00				20,700.00
Investments	4,074.98						4,074.98
Expenses -							
Accrued taxes	2.85						2.85
State income taxes	2.88						2.88
Miscellaneous	3.58						3.58
Prepaid, other and unexpended			14,222.07				14,222.07
Amounts due payable for liabilities of compensated persons					122.82		122.82
TOTAL ASSETS	12,102.21		26,893.07		122.82		39,118.10
LIABILITIES AND FUND EQUITY							
Liabilities							
Accounts payable	61.55						61.55
Accrued interest	21.72						21.72
Bad Debt Expense	2.80						2.80
Compensated persons					118.35		118.35
Total liabilities	86.07				118.35		204.42
Fund Equity							
Increase in general fund rates							4,222.17
Fund balance -							
Prepared for emergency fund activities	1,072.86						1,072.86
Prepared for building and improvements	150.00						150.00
Prepared for road improvements	2.88						2.88
Unexpended - unexpended	4,074.98		6,621.00				10,696.00
Total fund equity	4,222.17						4,222.17
TOTAL LIABILITIES AND FUND EQUITY	12,102.21		26,893.07		122.82		39,118.10

The accompanying notes are an integral part of this statement.

ATCHAFALAYA BASIN LEVEE DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDED BALANCES -
ALL GOVERNMENTAL FUNDS - YEAR
FOR THE YEAR ENDED JUNE 30, 1997

	General	Special Revenue	Total (Sum of Other)
Revenues			
<i>Ad valorem taxes and licenses</i>	\$1,582,814	20,075,479	\$2,068,293
<i>State revenue sharing</i>	285,000	96,000	381,000
<i>Fees and fines</i>	17,384		17,384
<i>Repayments and loans</i>	299,140		299,140
<i>Interest on accounts and investments</i>	203,477	13,881	217,358
<i>Sale of surplus equipment</i>	76,300		76,300
<i>Other revenues</i>	3,079		3,079
Total Revenues	<u>2,477,094</u>	<u>20,185,360</u>	<u>2,482,454</u>
Expenditures			
<i>Current</i>			
<i>Public safety - flood control -</i>			
<i>Salaries - president</i>	8,700		8,700
<i>Pay dues - commitments</i>	20,175		20,175
<i>Salaries - administrative</i>	203,625		203,625
<i>Salaries - police officers</i>	99,000		99,000
<i>Salaries - levee maintenance</i>	1,388,479		1,388,479
<i>Employee insurance and retirement</i>	487,126		487,126
<i>Professional services</i>	20,700		20,700
<i>Total</i>	1,827,805		1,827,805
<i>Material and supplies</i>	300,388		300,388
<i>Insurance</i>	25,207		25,207
<i>Office expense</i>	27,678	0	27,678
<i>Other</i>	22,876		22,876
<i>Debitations from ad valorem taxes</i>	26,480	41,817	18,637
<i>Capital outlay</i>			
<i>Public safety - flood control</i>	221,111		221,111
<i>Total Public Safety</i>	<u>2,048,916</u>	<u>41,817</u>	<u>2,090,733</u>
<i>Intergovernmental</i>		238,248	238,248
Total Expenditures	<u>2,048,916</u>	<u>279,065</u>	<u>2,327,981</u>
Excess of Revenues Over Expenditures	298,178	246,295	544,473
Other Financing Sources (Uses)			
<i>Operating transfers in</i>	1,011,208		1,011,208
<i>Operating transfers out</i>		(8,012,200)	(8,012,200)
Excess of Revenues and Sources (Expenditures and Uses)	1,022,486	(7,765,905)	(6,743,419)
Fund Balance - July 1, 1996	<u>5,077,200</u>	<u>1,823,798</u>	<u>6,900,998</u>
FUNDED BALANCE - June 30, 1997	<u>\$6,099,692</u>	<u>\$1,057,893</u>	<u>\$7,157,585</u>

The accompanying notes are an integral part of this statement.

MICHIGAN LAYA BASIN LEVEE DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL CITY OF MICHIGAN FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1998

	General	Special Revenue	Total Miscellaneous Other
Revenues			
Ad valorem, taxes and interest	17,408,994	17,145	17,426,139
State revenue sharing	289,573		289,573
Transfer from State/Local/Takewell	376,544		376,544
Fees and Inv.	7,000		7,000
Regulatory and fees	98,007		98,007
Interest on accounts and investments	389,188	734	389,922
Sale of non-depreciable	47,555		47,555
Other revenues	35,629		35,629
Total Revenues	<u>18,985,480</u>	<u>2,213</u>	<u>19,007,693</u>
Expenditures			
Current			
Public safety - flood control-			
Salaries - president	10,806		10,806
Per diem - commissioners	34,725		34,725
Salaries - administrators	29,249		29,249
Salaries - policy officers	149,209		149,209
Salaries - levee maintenance	1,386,468		1,386,468
Employee insurance and retirement	453,866		453,866
Professional services	56,987		56,987
Travel	17,897		17,897
Materials and supplies	33,144		33,144
Insurance	74,674		74,674
Office expense	50,888		50,888
Other	45,104		45,104
Debt issue from ad valorem taxes	88,438		88,438
Capital outlay			
Public safety - flood control	428,544		428,544
Total Public Safety	<u>2,795,695</u>		<u>2,795,695</u>
Total Expenditures	<u>3,295,695</u>		<u>3,295,695</u>
Excess of Revenues Over Expenditures	15,689,785	2,213	15,691,998
Other Financing Sources (Used)			
Operating transfers in	344,078		344,078
Operating transfers out	(344,078)		(344,078)
Excess of Revenue and Transfers (Expenditures and Used)	157,705	2,213	160,000
Fund Balance - July 1, 1997	<u>1,490,577</u>	<u>263,879</u>	<u>1,754,456</u>
FUND BALANCE - June 30, 1998	<u>1,648,282</u>	<u>266,092</u>	<u>1,914,374</u>

The accompanying notes are an integral part of this statement.

ATCHAFALAYA BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1988

NOTE 1 - INTRODUCTION

The Atchafalaya Basin Levee District and its Board of Levee Commissioners was created by Louisiana Revised Statute 38:291. Its Commissioners are appointed by the Governor of Louisiana. The District includes all or portions of the following parishes: Assumption, Assumption, Bossier, Bossier, Calcasieu, Calcasieu, St. Landry, St. Martin, St. Mary, and West Baton Rouge. The District primarily provides flood protection for those areas in the District. The Board of Levee Commissioners of the Atchafalaya Basin Levee District administers the operations and responsibilities of the District in accordance with the provisions of Louisiana Revised Statute 38:284. The Atchafalaya Basin Levee District 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

Basin/Protection

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 government. The accounting financial statements have been prepared in accordance with such principles.

Reporting Entity

GASB Codification Section 210 and GASB Statement 14, "The Financial Reporting Entity," have 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 majority of commissioners and can impose his will upon the levee district. The accompanying financial statements present information only as to the transactions of the Atchafalaya Basin 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.

ATCCHA PALAYA BASIN LEVEL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1998

Fund Accounting

The District uses 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 resources.

Funds of the District are classified into two fund types.

Governmental Funds

Governmental funds account for all or most of 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. Governmental funds include:

General Fund -- the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds.

Special Revenue Fund -- this fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for alleviating, relief flooding in Terrebonne Parish.

Basic 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:

ATCHAPALAYA BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1988

Revenues

Ad valorem taxes and the related state revenue sharing (which is based on population and households 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.) 47:1797(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.

Other Financing Sources (Uses)

Other financing sources (uses), representing transfers between funds that are not expected to be repaid.

Budget Practices

The District prepares its budget in accordance with LSA-R.S. 18:318. The budget is prepared on a modified accrual basis for the General and Special Revenue Funds. The budgets as presented are as originally adopted with no amendments. Formal budget integration is employed as a management control device during the year. All appropriations lapse at year end, and any encumbrances outstanding at year end are included in the next year's budget with funds appropriated in that year to finance them.

ATCHAFALAYA BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1998

Accruals/Debits

The District does not follow the accruals method of accounting.

Cash and Investments

Cash includes petty cash, demand deposits, interest-bearing demand deposits, and money market accounts. Under state law, the District may deposit funds with a bank organized under Louisiana law or of any other state of the United States, or under the laws of the United States.

The District may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Furthermore, in accordance with LSA R.S. 15:134 and Attorney General Opinion 92-192, may invest in the Louisiana Asset Management Fund (LAMF).

Bad Debt

The District uses the direct charge-off method whereby uncollectible amounts due from ad valorem taxes 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 consisting of depreciable property are stated at purchased historical cost. Land and buildings are recorded at fair market value since historical cost is not available. Donated fixed assets, which comprise less than one percent of total assets, are valued at their fair market value on the date donated. The cost of additions includes contracted work, direct labor, materials and allowable costs. Significant additions, improvements, maintenance and repairs are capitalized. Assets are recorded as expenditures in the governmental funds and capitalized at cost in the General Fixed Assets Account Group.

Public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including drainage improvements, are not capitalized with other general fixed assets.

ATCHAFALAYA BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1998

No depreciation has been provided on general fixed assets.

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 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 300, is recognized as a current year expenditure in the General Fund when leave is actually taken. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in the general long-term obligations account group.

Disemployment Health Care and Life Insurance Benefits

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

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. Specific reservations of the fund balance are summarized below.

Designated for Emergency Flood Fighting – management with the concurrence of the Board has designated portions of the fund equity for contingent emergency flood fighting purposes.

Designated for Building and Improvements – management with the concurrence of the Board has designated portions of the fund equity for the construction of a new maintenance facility at Donaldson, Louisiana.

ATCHAFALAYA BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1998

Designated for Road Maintenance -- management with the concurrence of the Board has designated \$12,500 to help defray a portion of future maintenance expenses of a road from the George Dupuis Bridge to the Pontoon Bridge in St. Martin Parish.

Total Columns on Combined Statements

Total columns on the combined statements are captioned Memorandum Only (overview) to indicate that they are presented only to facilitate financial analysis. This data does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE 3 - CASH and INVESTMENTS

As June 30, 1998, the District has cash (book balances) as follows:

Fifty cash	\$200
Demand deposits	13,800
Certificates of deposit	<u>95,000</u>
Total	<u>\$109,000</u>

These deposits are made in cash, which approximates market. Under state law, these deposits (or the checking bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent banks. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agents.

As June 30, 1998, the District's deposits (collected bank balances) are secured from risk as follows:

Cash - collected bank balances	\$191,927
Federal deposit insurance	192,927
Pledged securities	<u>0</u>
Uninsured/Under pledged	<u>\$0</u>

As June 30, 1998, the District has invested \$6,262,349 in the Louisiana Asset Management Pool (LAMP). This amount is not evidenced by securities that exist in physical or book entry form and are not categorized.

ATCHAFALAYA BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1998

NOTE 4 - CHANGES IN FIXED ASSETS

A summary of changes in fixed assets follows:

	Land	Buildings	Equipment	Total
Balance - July 1, 1996	\$44,575	\$88,157	\$3,077,471	\$4,100,183
Additions - purchases			282,323	282,323
Deletions - sales			(208,229)	(208,229)
Balance - June 30, 1997	64,575	88,157	3,151,564	4,028,276
Additions - purchases		7,750	420,634	428,384
Deletions - sales			(230,263)	(230,263)
Balance - June 30, 1998	<u>\$64,575</u>	<u>\$95,907</u>	<u>\$3,341,935</u>	<u>\$4,502,417</u>

NOTE 5 - AD VALOREM TAXES

Article 4, Section 39 of the 1874 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 directors of the parishes.

The District levied a 4.18 millage for the year 1996 and 3.90 millage for the year 1997. The rates authorized and levied have been adjusted because of measurement of property as provided in Article 7, Section 23 of the 1874 Louisiana Constitution.

ATCHAFALAYA BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1998

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

	Taxable Valuations	Taxes Assessed
Assumption	\$7,887,636	\$32,703
Assumption	51,932,709	202,530
Bevia	14,509,000	56,843
Herzville	140,832,513	545,239
Poivre Coupee	156,502,558	786,876
St. Landry	13,267,456	51,740
St. Martin	41,875,643	160,790
St. Mary	11,852,821	43,106
West Baton Rouge	148,226,667	578,084
Total	<u>\$675,181,821</u>	<u>\$1,818,752</u>

NOTE 4 - INTERGOVERNMENTAL TRANSFERS

Louisiana Revised Statute 38:334.2 provides that of the all valuer's taxes collected by the Atchafalaya Basin Levee District for property located in the parishes of Assumption, Assumption, Herzville, West Baton Rouge, Poivre Coupee, St. Mary, St. Martin, Bevia, St. Landry, and that portion of Terrebonne Parish which is outside the South Terrebonne Tidewater Management and Conservation District, not greater than fifty percent of each parish's collection may be used for levee construction, levee maintenance, and other flood control works necessary to help alleviate flooding within the parish or portion of Terrebonne Parish from which the taxes were collected. These expenditures may be in cash or in kind services. The expenditures required shall be made only if and when the allocations or expenditures required by R.S. 38:331, R.S. 38:334, and R.S. 38:337(F) are made.

For the year ended June 30, 1997, the District contributed \$100,000 to the North Terrebonne Parish Drainage and Conservation District and \$68,142 to the South Terrebonne Tidewater Management and Conservation District.

ATCHAFALAYA BASIN LEVEL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1998

NOTE 7 - COMPENSATED ABSENCES

At June 30, 1998 and 1997, employees of the District have accumulated and vested \$153,534 and \$154,371, respectively, of employee leave benefits, which was computed in accordance with GASB Codification Section C90. This amount is recorded in the general long-term obligations account.

**NOTE 8 - POSTEMPLOYMENT HEALTH CARE
AND LIFE INSURANCE BENEFITS**

Substantially all District employees become eligible for postemployment health care and life insurance benefits if they reach normal retirement age while working for the District. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and by the District. For 1998 and 1997, the cost of providing these benefits for the retirees totaled \$124,092 and \$131,093 respectively.

NOTE 9 - RETIREMENT SYSTEM

Plan Description Substantially all employees of the District are members of the Louisiana State Employees Retirement System (System), a multiple-employer, public employee retirement system (PERS). The System is a statewide public retirement system for the benefit of state employees and other political subdivisions, which is administered and controlled by a separate board of trustees.

All full-time District employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service. Vesting employees may retire at (a) any age with 10 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. This report may be obtained by writing to the Louisiana State Employees Retirement System, P. O. Box 44213, Baton Rouge, LA 70804-4213 or by calling (504) 921-0400.

Funding Policy Covered employees are required by state statute to contribute 7.5% of gross salary to which the District adds an 11.9% contribution as an employer's match. Contributions of partic-

ATCHAULAYA BASIN LITTEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1998

rating, state agencies are pooled within the System to fund accrued benefits with contribution rates approved by the Louisiana Legislature. The District's contributions to the System for the years ended June 30, 1996, 1997, and 1998, were \$167,134, \$179,883, and \$179,452, respectively, equal to the required contributions for each year.

NOTE 10 - LITIGATION AND CLAIMS

The District is involved in various lawsuits and have made no provisions for loss contingencies.

NOTE 11 - FEDERAL FINANCIAL ASSISTANCE

The District did not receive any federal financial assistance for the fiscal years ended June 30, 1998 and 1997.

NOTE 12 - COMPENSATION PAID TO BOARD MEMBERS

The per diem payments presented below are authorized by Louisiana Revised Statute 38:286 and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Board Presidents are authorized up to a salary of \$1,000 per month or \$12,000 for the year, in lieu of per diem.

ATCHAFALAYA BASIN LEVEE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 1998

		<u>1998</u>	<u>1997</u>
Salaries:	James Marinoniak (7-1-96 to 6-30-97)		\$8,700
	Wayne Crillion (7-1-97 to 6-30-98)	\$10,800	
		<u>\$10,800</u>	<u>\$8,700</u>
Per Diem:	Gerald Alexander	\$2,700	\$2,625
	Elbert Bessitt	2,700	1,950
	David Bernard		375
	Ferdinand Brown	1,000	
	Ray J. Briggus	2,700	1,800
	Henry F. Brown		525
	Ian Del Boob		600
	Kenny L. Calton		750
	Rene J. Doranque		1,200
	J. G. Dugherain		1,025
	Merlin Dugas	2,475	2,400
	Mark Engstrom	2,800	1,125
	Barbara Gray		1,425
	Craig Lewis		1,200
	John D. Lewis		900
	Mike Muzante	2,700	1,425
	Earl J. Matherne	2,400	2,400
	Wayne Crillion		825
	Kevin A. Polier		1,050
	Gene Scurra	1,875	750
	Johnny Scissors	2,700	2,100
	Charles L. Simon	2,700	2,400
	T. Murrey Tillman	1,025	1,375
Brian Willis	2,700	1,950	
		<u>\$21,725</u>	<u>\$58,075</u>
Total Per Diem		<u>\$21,725</u>	<u>\$58,075</u>

GEORGE F. DELAUNE
LEROY J. CHRISTZ*
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners of
Atchafalaya Basin Levee District
Bass Allen, Louisiana

We have audited the general purpose financial statements of the ATCHAFALAYA BASIN LEVEE DISTRICT (the "District"), a component unit of the State of Louisiana, as of June 30, 1998 and 1997, and for the years ended June 30, 1998 and 1997, and have issued our report thereon dated September 14, 1998. We conducted our 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*.

Compliance

As part of obtaining reasonable assurance about whether the District's 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 these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of finding at item 5B-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 management and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

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September 14, 1998

ATCHAFALAYA BASIN LEVEE DISTRICT
SCHEDULE OF FINDING
YEARS ENDED JUNE 30, 1998 AND 1997

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses a qualified opinion on the general purpose financial statements of Atchafalaya Basin 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 Atchafalaya Basin Levee District was disclosed during the audit.
4. There were no federal awards received by Atchafalaya Basin Levee District.

B. FINDING—FINANCIAL STATEMENTS AUDIT

Reportable Condition

58-1 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 33:2955.

Criteria

Louisiana Revised Statute 33:2955 specifies which investments a political subdivision of the state can invest in. According to LRS 33:2955(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.

Issue

During the years audited, the TriCities invested in time certificates of deposit at interest rates considerably below the legal limits. An estimate of the amount of interest lost on these investments was not determined.

Recommendation

In January 1998, we recommended to the Board that they adopt an Investment Policy that conforms to ISA-RS 34-2958.

Response

The Board agreed with our recommendation. The Investment Policy was adopted in January and the Board authorized the chief executive to invest any idle cash and investments as they mature in the Louisiana Asset Management Pool (LAMP). The TriCities.