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**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2004**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 9.1.04

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 CADDO LEVEE DISTRICT
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 CADD0 LEVEE DISTRICT
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CADD O LEVEE DISTRICT
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STATE OF LOUISIANA
CADDO LEVEE DISTRICT
TRANSMITTAL LETTER
ANNUAL FINANCIAL STATEMENTS

August 27, 2004

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Sirs:

In accordance with Louisiana Revised Statute 24:514, enclosed are the annual financial statements for the Caddo Levee District for the year ended June 30, 2004. The report includes only funds under the control and oversight of the Caddo Levee District.

The accompanying general purpose financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Sincerely,



Sam Windham
Administrator

Enclosure

STATE OF LOUISIANA
ANNUAL FINANCIAL STATEMENTS
FISCAL YEAR ENDING JUNE 30, 2004

CADDO LEVEE DISTRICT

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

AFFIDAVIT

Personally came and appeared before the undersigned authority, Sam A. Windham, Administrator of Caddo Levee District who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of Caddo Levee District at June 30, 2004 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board.

Sworn and subscribed before me, this 26th day of August, 2004.

Sam A. Windham
Signature of Agency Official

Gaylyn Bell
Notary Public

GAYLYN BELL, Notary Public
Caddo Parish, Louisiana
My Commission is for Life
Notary ID # 1155

Prepared by: Vickie D. Noble, CPA
Title: Partner - Cook & Morehart, CPAs
Telephone No.: (318) 222-5415
Date: August 26, 2004

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

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RAYEBURN G. COOK (RET.)

C. BRYAN COYLE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Caddo Levee District
Shreveport, Louisiana

We have audited the accompanying basic financial statements of the Caddo Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 2004, as listed in the table of contents. These basic financial statements are the responsibility of the Caddo Levee District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

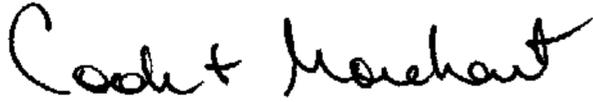
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Caddo Levee District as of June 30, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 11, 2004, on our consideration of the Caddo Levee District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the budgetary information on pages 5-10 and 30, respectively, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Caddo Levee District taken as a whole. The accompanying supplementary schedules and the Division of Administration reporting package listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Cook & Morehart
Certified Public Accountants
August 11, 2004

State of Louisiana



JAMES G. ADGER
PRESIDENT

JAMES B. HARRIS
1ST VICE-PRESIDENT

KENNETH WILSON
2ND VICE-PRESIDENT

SAM A. WINDHAM
ADMINISTRATOR-SECRETARY

GAYLYN BELL
ASSISTANT SECRETARY

R. PERRY PRINGLE
LEGAL COUNSEL

MEMBERS
ANDREW J. HODGES III
DAN P. LOGAN JR.
WILLIE WASHINGTON
HAROLD W. WHITE

BOARD OF COMMISSIONERS

CADDO LEVEE DISTRICT

P.O. Box 78282
SHREVEPORT LOUISIANA 71137-8282

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of the Caddo Levee District's financial performance presents a narrative overview and analysis of Caddo Levee District's financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the transmittal letter presented on page 1 and the Caddo Levee District's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

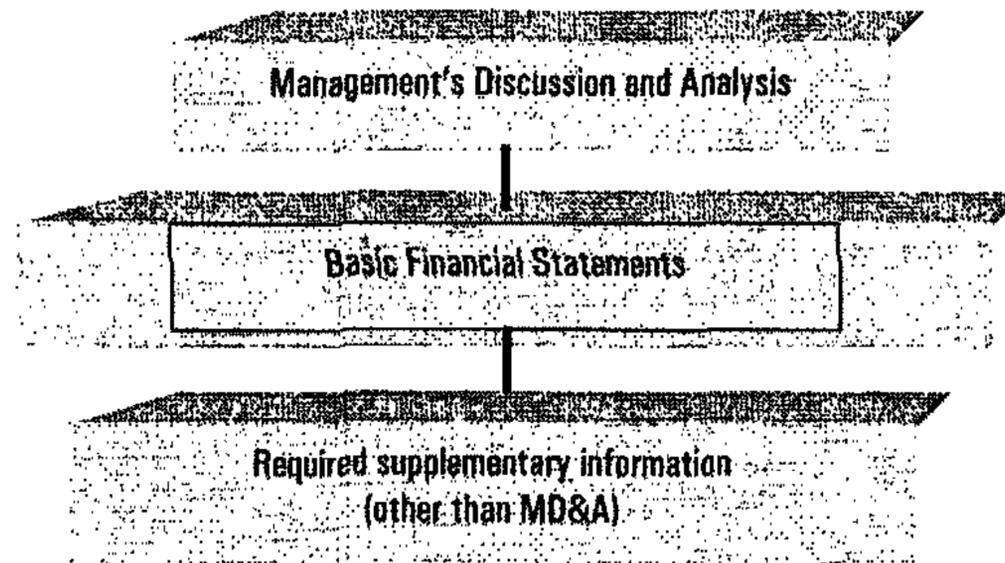
- ★ The Caddo Levee District's assets exceeded its liabilities at the close of fiscal year 2004 by \$17,571,485, which represents a .7% increase from last fiscal year.
- ★ The Caddo Levee District had cash and cash equivalents of \$15,465,980 at June 30, 2004, which represents a decrease of \$428,610 from the prior year end.
- ★ The Caddo Levee District had total revenues of \$1,661,066 for the year ended June 30, 2004, which represents an increase of \$83,912 from the previous fiscal year.
- ★ The Caddo Levee District had property tax revenues of \$512,836 for the year ended June 30, 2004, which represents an increase of \$39,054 from the previous fiscal year.
- ★ The Caddo Levee District had total expenses, excluding depreciation, of \$1,449,254 for the year ended June 30, 2004, which represents a decrease of \$512,504 from the previous fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for the Caddo Levee District as established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements-and Management's Discussion and Analysis- for State and Local Governments.

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2004
(Continued)**



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Basic Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities on pages 11-12 provide information about the activities of the Caddo Levee District as a whole and present a longer-term view of the District's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets and the Statement of Activities report the District's net assets and changes in them. You can think of the District's net assets, the difference between assets and liabilities, as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating.

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2004
(Continued)**

Fund financial statements start on page 13. All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's activities as well as what remains for future spending.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets
as of June 30, 2004

	<u>2004</u>	<u>2003</u>
Current and other assets	\$ 15,530,436	\$ 15,957,379
Capital assets, net	<u>2,140,949</u>	<u>2,136,253</u>
 Total Assets	 <u>\$ 17,671,385</u>	 <u>\$ 18,093,632</u>
 Current liabilities	 \$ 61,899	 \$ 607,104
Long-term liabilities	<u>38,001</u>	<u>53,951</u>
Total Liabilities	<u>99,900</u>	<u>661,055</u>
 Net assets		
Investment in capital assets, net of related debt	2,140,949	2,136,253
Unrestricted	<u>15,430,536</u>	<u>15,296,324</u>
Total Net Assets	<u>17,571,485</u>	<u>17,432,577</u>
 Total Liabilities and Net Assets	 <u>\$ 17,671,385</u>	 <u>\$ 18,093,632</u>

Net assets of the Caddo Levee District were virtually unchanged from the prior year, increasing by \$138,908 or .7%.

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2004
(Continued)**

Statement of Activities
For the Year Ended June 30, 2004

	<u>2004</u>	<u>2003</u>
General government		
Expenses	\$ (1,522,158)	\$ (2,043,783)
Program revenues		
Operating grants and contributions	<u>0</u>	<u>0</u>
Subtotal	(1,522,158)	(2,043,783)
General revenues	<u>1,661,066</u>	<u>1,577,154</u>
Change in net assets	<u>\$ 138,908</u>	<u>\$ (466,629)</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2004, the Caddo Levee District had \$2,140,949, net of depreciation, invested in a broad range of capital assets (see table below). This amount represents a net increase (including additions and deductions) of \$4,696, or .2%, from the previous year.

Capital Assets at Year-End
(Net of Depreciation)

	<u>2004</u>	<u>2003</u>
Land	\$ 1,679,978	\$ 1,619,514
Building and improvements	51,633	53,477
Equipment	<u>409,338</u>	<u>463,262</u>
Totals	<u>\$ 2,140,949</u>	<u>\$ 2,136,253</u>

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2004
(Continued)**

This year's major additions included:

Land	\$ 65,274
Automobiles and equipment	18,570

This year's major retirements included:

Land	\$ 4,810
Automobiles and equipment	26,349

Debt

The Caddo Levee District had \$52,314 in compensated absences payable outstanding at year end compared to \$53,951 at the previous year, a decrease of \$1,637 or 3% as shown in the table below.

Outstanding Debt at Year-end

	<u>2004</u>	<u>2003</u>
Compensated absences payable	\$ 52,314	\$ 53,951
Due within period of availability – recorded in accounts payable	<u>(14,313)</u>	<u>–</u>
Total long-term liabilities, government-wide statements	<u>\$ 38,001</u>	<u>\$ 53,951</u>

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Actual revenues were \$601,406 more than budgeted amounts due to an increase in taxable property in the District and higher than expected royalties during the year.

Actual expenditures were \$13,878,261 less than budgeted amounts due to the District not using the amounts budgeted for emergency construction and repairs to the levee system.

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2004
(Continued)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Caddo Levee District's appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Ad valorem taxes
- Interest income
- Projects under consideration
- Intergovernmental revenues (reimbursements from state and local grants)

CONTACTING THE CADDO LEVEE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Caddo Levee District's finances and to show the Caddo Levee District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Sam Windham, Administrator, Post Office Box 78282, Shreveport, Louisiana 71137-8282.



Sam Windham
Administrator
Caddo Levee District

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2004**

ASSETS**Current Assets**

Cash and cash equivalents	\$ 15,465,980
Accounts receivable	64,456
Total Current Assets	<u>15,530,436</u>

Noncurrent Assets

Capital assets being depreciated, net of accumulated depreciation	460,971
Capital assets not being depreciated - land	1,679,978
Total capital assets, net	<u>2,140,949</u>

Total Assets	<u><u>\$ 17,671,385</u></u>
---------------------	-----------------------------

LIABILITIES AND NET ASSETS**Current Liabilities**

Accounts payable and accrued expenses	\$ 30,480
Deferred revenues	31,419
Total Current Liabilities	<u>61,899</u>

Long-term Liabilities -

Compensated absences	
Due within one year	11,234
Due in more than one year	26,767
Total Long-Term Liabilities	<u>38,001</u>

Total Liabilities	<u>99,900</u>
--------------------------	---------------

NET ASSETS

Investment in capital assets	2,140,949
Unrestricted	15,430,536
Total Net Assets	<u>17,571,485</u>

Total Liabilities and Net Assets	<u><u>\$ 17,671,385</u></u>
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The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA
CADDO LEEVE DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2004**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
General Government					
Personal services	\$ 712,033	\$	\$	\$	\$ (712,033)
Travel	5,816				(5,816)
Operating services	652,894				(652,894)
Supplies	33,482				(33,482)
Professional services	45,029				(45,029)
Depreciation	72,904				(72,904)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total General Government	\$ 1,522,158	\$	\$	\$	(1,522,158)
					<hr/>
General Revenues:					
Taxes					512,836
State revenue sharing					28,581
Interest income					175,411
Royalties, leases and timber sales					739,742
Gain on land transfer					60,465
Miscellaneous					144,031
					<hr/>
Total General Revenues					1,661,066
					<hr/>
Change in Net Assets					138,908
					<hr/>
Net Assets, beginning of year					17,432,577
					<hr/>
Net Assets, end of year					\$ 17,571,485
					<hr/>

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2004**

ASSETS**Current Assets**

Cash and cash equivalents	\$ 15,465,980
Accounts receivable	<u>64,456</u>
Total Current Assets	<u><u>\$ 15,530,436</u></u>

LIABILITIES AND FUND BALANCES**Liabilities**

Accounts payable and accruals	\$ 30,480
Deferred revenues	<u>31,419</u>
Total Liabilities	<u>61,899</u>

Fund Balance

Unrestricted	<u>15,468,537</u>
Total Fund Balance	<u>15,468,537</u>
Total Liabilities and Fund Balance	<u><u>\$ 15,530,436</u></u>

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2004**

Total Fund Balances for Governmental Funds (Exhibit C)	\$	15,468,537
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Total Net Assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$	1,679,979	
Building improvements, net of \$60,480 in accumulated depreciation		51,633	
Automobiles and equipment, net of \$1,025,665 in accumulated depreciation		409,337	
Total Capital Assets			2,140,949

Long-term liabilities, including compensated absences payable, are not due and payable in the current period and therefore are not reported in the fund liabilities.

(38,001)

Total Net Assets of Governmental Activities (Exhibit A)	\$	<u>17,571,485</u>
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The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA
CADDO LEEVE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004**

REVENUES	
Taxes	\$ 512,836
State revenue sharing	28,581
Interest income	178,716
Royalties, leases and timber sales	739,742
Miscellaneous	144,031
	<hr/>
Total Revenues	1,603,906
	<hr/>
EXPENDITURES	
General government	
Personal services	727,984
Travel	5,816
Operating services	651,458
Supplies	33,482
Professional services	45,029
Capital outlay	18,570
	<hr/>
Total Expenditures	1,482,339
	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	121,567
	 <hr/>
Fund Balance, beginning of year	15,346,970
	<hr/>
Fund Balance, end of year	\$ 15,468,537
	<hr/> <hr/>

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004**

Net Change in Fund Balances - Total Governmental Funds (Exhibit E)	\$	121,567
 The change in Net Assets reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$72,904) exceeds payments for capital outlays (\$18,570) in the current period.		(54,334)
Some revenues reported in the statement of activities, such as accrued interest income, do not provide current financial resources and are not reported as revenues in the governmental fund.		(3,305)
Governmental funds report only the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount by which the gain exceeds the loss on the disposal of fixed assets. There were no proceeds.		59,031
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		<u>15,949</u>
Total Change in Net Assets of Governmental Activities (Exhibit B)	\$	<u><u>138,908</u></u>

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004**

INTRODUCTION

The Caddo Levee District, a component unit of the State of Louisiana, was created by the Louisiana State Legislature under the provisions of Louisiana Constitution of 1974, Article 6, Section 34, and includes all of Caddo Parish. The Levee District primarily provides flood protection for those areas contained in the District. The Board of Commissioners administers the operations and responsibilities of the Levee District in accordance with the provisions of Louisiana statute. The seven members of the Board of Commissioners which governs the District are appointed by the governor of the State of Louisiana.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Caddo Levee District's financial statements are prepared in conformity with governmental accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999. The more significant accounting policies established in GAAP and used by the Caddo Levee District are discussed below.

A. 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 board members and can impose his will on the district. The accompanying general purpose financial statements present information only as to the transactions of the Caddo Levee District. Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements.

B. Basic Financial Statements – Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the funds maintained by the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general fund is classified as governmental activities.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables. The District's net assets are reported in two parts – invested in capital assets and unrestricted net assets.

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)**

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which must be directly associated with the function. The net costs (by function) are normally covered by general revenue.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the District are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the District:

1. **Governmental Funds** – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:
 - a. **General funds** are the general operating funds of the District. They are used to account for all financial resources except those required to be accounted for in another fund.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenses 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.

1. Accrual

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)**

2. Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Budgetary Accounting

Formal budgetary accounting is employed as a management control. The District prepares and adopts a budget prior to July 1 of each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the full accrual basis of accounting. The District amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. All budget appropriations lapse at year end.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements include the original appropriation plus subsequent amendments.

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)**

F. Cash and Cash Equivalents

Deposits With Financial Institutions

For the purpose of the Statement of Cash Flows and consistent with GASB Statement 9, the District defines cash and cash equivalents as follows:

Cash – includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents – includes all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

G. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

H. Bad Debts

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At June 30, 2004, there were no amounts considered to be uncollectible.

I. Capital Assets

Capital assets are carried at historical costs. Depreciation of all exhaustible fixed assets used by the District are charged as an expense against operations in the Statement of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Assets. Depreciation is computed using the straight-line method over the useful lives of the assets, generally 10 to 40 years for buildings and building improvements and 3 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewal and betterments are capitalized. In accordance with Office of Statewide Reporting and Accounting Policy (OSRAP) guidelines, infrastructure assets are to be capitalized and depreciated over a useful life of 40 years. OSRAP has set a threshold for infrastructure assets to be capitalized at \$3,000,000 spent per entity per year. The Caddo Levee District did not have expenditures relating to infrastructure assets which met this threshold. Therefore, no infrastructure assets are recognized in the accompanying financial statements.

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)**

J. Compensated Absences

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, an employee is 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, the number of hours of unused sick leave is computed and considered in computing the years of service for retirement benefit purposes.

The current portion of compensated absences payable (the amount estimated to be used during the period of availability) is recorded as a liability in the fund financial statements. The entire balance of compensated absences payable is recognized as a liability in the government-wide financial statements. The non-current portion represents a reconciling item between the fund and government-wide statements.

K. Estimates

The preparation of 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law, the Caddo Levee District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the District may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits 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 bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer. The deposits at June 30, 2004, were secured as follows:

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)**

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Deposits in bank accounts	\$ <u>512,593</u>	<u>\$15,000,000</u>	<u>\$ 15,512,593</u>
Bank Balances:			
1. Insured or collateralized with securities held by the entity or its agent in the entity's name	\$ 100,000	\$ 200,000	\$ 300,000
2. Collateralized with securities held by the pledging Institution's trust department or agent in the entity's name			
3. Uncollateralized, including any securities held for the entity but not in the entity's name	<u>412,593</u>	<u>14,800,000</u>	<u>15,212,593</u>
Total Bank Balances	<u>\$ 512,593</u>	<u>\$15,000,000</u>	<u>\$ 15,512,593</u>

NOTE 3 ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at June 30, 2004:

<u>Class of Receivable</u>	
Interest	\$ 22,460
Royalties, leases, and timber sales	<u>41,996</u>
 Total	 <u>\$ 64,456</u>

(Continued)

**STATE OF LOUISIANA
CADDO LEEVE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)**

NOTE 4 CAPITAL ASSETS

A summary of the Caddo Levee District's capital assets at June 30, 2004 follows:

	<u>Balance June 30, 2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2004</u>
Capital Assets, not being depreciated				
Land	\$ 1,619,514	\$ 65,274	\$ (4,810)	\$ 1,679,978
Total Capital Assets, not being depreciated	<u>1,619,514</u>	<u>65,274</u>	<u>(4,810)</u>	<u>1,679,978</u>
Capital Assets, being depreciated				
Buildings and building improvements	112,113			112,113
Less accumulated depreciation	<u>(58,636)</u>	<u>(1,844)</u>		<u>(60,480)</u>
Total buildings and building improvements	<u>53,477</u>	<u>(1,844)</u>		<u>51,633</u>
Automobiles and equipment	1,442,782	18,570	(26,349)	1,435,003
Less accumulated depreciation	<u>(979,520)</u>	<u>(71,060)</u>	<u>24,915</u>	<u>(1,025,665)</u>
Total automobiles and equipment	<u>463,262</u>	<u>(52,490)</u>	<u>(1,434)</u>	<u>409,338</u>
Total Capital Assets, being depreciated	<u>516,739</u>	<u>(54,334)</u>	<u>(1,434)</u>	<u>460,971</u>
Total Capital Assets, net	<u>\$ 2,136,253</u>	<u>\$ 10,940</u>	<u>\$ (6,244)</u>	<u>\$ 2,140,949</u>

NOTE 5 ACCOUNTS PAYABLE

The following is a summary of accounts payable at June 30, 2004:

<u>Class of Payable</u>	
Vendor	\$ 2,975
Salaries	11,355
Payroll taxes	1,837
Compensated absences	<u>14,313</u>
 Total	 <u>\$ 30,480</u>

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)**

NOTE 6 COMPENSATED ABSENCES

At June 30, 2004, employees of the Caddo Levee District have accumulated \$52,314 in annual leave benefits which were computed in accordance with GASB Codification Section C 60. The following is a summary of the changes in accumulated annual leave benefits for the year ended June 30, 2004.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Compensated Absences	\$ 53,951	\$ 37,197	\$ (38,834)	\$ 52,314	\$ 25,547
Less amounts due within period of availability— recorded in accounts payable				(14,313)	(14,313)
Total long-term liabilities, government-wide statements				<u>\$ 38,001</u>	<u>\$ 11,234</u>

NOTE 7 RETIREMENT SYSTEM

Substantially all of the employees of the Caddo Levee District are members of the La State Employees Retirement System (System), a cost sharing multiple-employer, defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time employees of the District 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.

Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and the District is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal years ended June 30, 2004, 2003, and 2002 was 15.8%, 14.1%, and 13%, respectively, of annual covered payroll. The contribution requirements of

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)**

plan members and the office are established and may be amended by state statute. As provided by state statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contributions to the System for the years ending June 30, 2004, 2003, and 2002 were \$73,830, 52,966, and \$48,110, respectively, equal to the required contributions for each year.

NOTE 8 POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Caddo Levee District currently provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the District's employees become eligible for these benefits if they reach normal retirement age while working for the District. The District pays similar benefits for its retirees and active employees. These benefits are provided through an insurance company whose monthly premiums are paid jointly. The District recognizes the cost of providing these benefits as an expense when the monthly premiums are paid, which totaled \$44,242 for the year ended June 30, 2004. The cost of providing these benefits to retirees totaled \$20,192 for the year ended June 30, 2004. As of June 30, 2004, there were 17 active employees and 5 retirees participating in the plan.

NOTE 9 RISK MANAGEMENT

The Caddo Levee District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District.

NOTE 10 LITIGATION

There were no outstanding litigation against the Caddo Levee District at June 30, 2004.

NOTE 11 DEFERRED REVENUE

Deferred revenue of \$31,419 represents payments received for surface leases for periods subsequent to June 30, 2004.

NOTE 12 LEVEE DISTRICT TAXES

Article 6, Section 39 of the Louisiana Constitution of 1974 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 annually levy a tax not to exceed 4.12 mills. If the levee district needs to raise additional funds in excess of the amount collected constitutionally, the taxes in excess of 4.12 mills must be approved by the majority of the vote of the electors. Ad valorem taxes are assessed on a calendar year basis, become due November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January of the ensuing year. The levee district has levied a tax of 3.21 mills.

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)**

NOTE 13 DEFERRED COMPENSATION PLAN

During 2002, the District began participating in a deferred compensation plan in accordance with the Internal Revenue Code Section 457 (Section 457 Plan). Under Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, plans that meet the criteria in NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles*, should be reported as an expendable trust fund in the financial statements of the government. Because the District's Section 457 Plan does not meet this criteria, the balances in assets and liabilities were not presented in the financial statements of the District. The District's contribution to the Section 457 Plan was \$19,754 for the year ended June 30, 2004.

SUPPLEMENTAL SCHEDULES

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SCHEDULE OF PER DIEM PAID BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Commissioners</u>	
James G. Adger	\$ 1,425
James B. Harris	1,050
Andrew J. Hodges, III	1,275
Dan P. Logan, Jr.	675
Willie Washington	1,125
Harold White	<u>1,425</u>
Total	<u>\$ 6,975</u>

The schedule of compensation paid board members was prepared 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 personal services expenses. Board members are paid \$75 per day to a maximum of 36 days per year for board meetings and/or official business. The board president may receive compensation not to exceed \$1,000 per month in lieu of per diem.

Supplementary information. Presented as additional analytical data.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SCHEDULE OF STATE FUNDING
FOR THE YEAR ENDED JUNE 30, 2004**

<u>DESCRIPTION OF FUNDING</u>	
State Revenue Sharing	<u>\$ 28,581</u>

Supplementary information. Presented as additional analytical data.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2004**

	Original/Final Budget	Actual	Variance Fav./((Unfav.)
REVENUES			
Taxes	\$ 350,000	\$ 512,836	\$ 162,836
State revenue sharing	25,000	28,581	3,581
Interest income	262,500	178,716	(83,784)
Royalties, leases and timber sales	350,000	739,742	389,742
Miscellaneous	15,000	144,031	129,031
Total Revenues	1,002,500	1,603,906	601,406
EXPENDITURES			
General government			
Personal services	777,900	727,984	49,916
Travel	15,900	5,816	10,084
Operating services	13,773,800	651,458	13,122,342
Supplies	300,000	33,482	266,518
Professional services	210,000	45,029	164,971
Capital outlay	283,000	18,570	264,430
Total Expenditures	15,360,600	1,482,339	13,878,261
Excess (Deficiency) of Revenues Over Expenditures	(14,358,100)	121,567	14,479,667
Fund Balance, beginning of year	14,358,100	15,346,970	988,870
Fund Balances, end of year	\$	\$ 15,468,537	\$ 15,468,537

Supplementary information. Presented as additional analytical data.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004**

SECTION #1

SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

- | | |
|---|-----------------|
| 1. Type of auditors' report issued. | Unqualified |
| 2. Internal control over financial reporting: | |
| a) Material weaknesses identified? | None |
| b) Reportable conditions identified not considered to be material weaknesses? | None |
| c) Noncompliance material to the financial statements noted? | Yes – see below |

SECTION #2

FINANCIAL STATEMENT FINDINGS

Reference No.: 2004-1

Description of Finding: During the year ended June 30, 2004, the District engaged in transactions involving the exchange of land with outside parties. The District performed an internal analysis of the transaction and determined it to be in the best interest of the District to conduct the exchange. However, the District did not obtain an independent appraisal of either of the pieces of property. Therefore, the District may be in violation of state laws governing the acquisition and disposition of property.

We recommend that the District obtain an opinion from the Attorney General concerning the procedures which should be followed in exchanging property.

Management's Response: Management has asked legal counsel to request an Attorney General's opinion concerning the procedures which should be followed in exchanging property.

COOK & MOREHART

Certified Public Accountants

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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners
Caddo Levee District
Shreveport, Louisiana

We have audited the basic financial statements of the Caddo Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 2004, and have issued our report thereon dated August 11, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

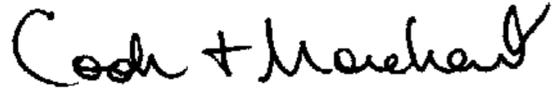
Compliance

As part of obtaining reasonable assurance about whether the Caddo Levee 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 those 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 findings and questioned costs as items 2004-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Caddo Levee 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 misstatement 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 operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the Caddo Levee District and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than the specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Cook & Morehart
Certified Public Accountants
August 11, 2004

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004**

There was one finding for the prior year audit for the year ended June 30, 2003, as described below. There were no management letter comments.

Reference No.: 2003-1

Description of Finding: The Caddo Levee District did not appropriately advertise and let for bid in selecting its fiscal agent. The District did obtain quotes for renewals of certificates of deposits during the year. Louisiana Revised Statute 39:1214 states that the Caddo Levee District shall give written notice to each of the banks located in the parish in which the Caddo Levee District is domiciled, setting forth the intention of the Caddo Levee District to select a fiscal agent.

Corrective Action Taken: The Caddo Levee District advertised and let for bid in selecting its fiscal agent during the current audit period.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004**

Reference No.: 2004-1

Description of Finding: During the year ended June 30, 2004, the District engaged in transactions involving the exchange of land with outside parties. The District performed an internal analysis of the transaction and determined it to be in the best interest of the District to conduct the exchange. However, the District did not obtain an independent appraisal of either of the pieces of property. Therefore, the District may be in violation of state laws governing the acquisition and disposition of property.

We recommend that the District obtain an opinion from the Attorney General concerning the procedures which should be followed in exchanging property.

Management's Response: Management has asked legal counsel to request an Attorney General's opinion concerning the procedures which should be followed in exchanging property.

DIVISION OF ADMINISTRATION REPORTING PACKAGE

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2004**

The Management's Discussion and Analysis of the Caddo Levee District is presented on pages 5–10 of this reporting package.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2004**

ASSETS**Current Assets**

Cash and cash equivalents	\$ 15,465,980
Accounts receivable	64,456
Total Current Assets	<u>15,530,436</u>

Noncurrent Assets

Capital assets being depreciated, net of accumulated depreciation	460,971
Capital assets not being depreciated - land	1,679,978
Total capital assets, net	<u>2,140,949</u>

Total Assets	<u>\$ 17,671,385</u>
---------------------	-----------------------------

LIABILITIES AND NET ASSETS**Current Liabilities**

Accounts payable	\$ 30,480
Deferred revenues	31,419
Total Current Liabilities	<u>61,899</u>

Long-Term Liabilities

Compensated absences	
Due within one year	11,234
Due in more than one year	26,767
Total Long-Term Liabilities	<u>38,001</u>

Total Liabilities	<u>99,900</u>
--------------------------	----------------------

NET ASSETS

Investment in capital assets	2,140,949
Unrestricted	15,430,536
Total Net Assets	<u>17,571,485</u>

Total Liabilities and Net Assets	<u>\$ 17,671,385</u>
---	-----------------------------

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2004**

OPERATING REVENUES	
Operating grants and contributions	\$ _____
Total Operating Revenues	_____
OPERATING EXPENSES	
Personal services	712,033
Travel	5,816
Operating services	652,894
Supplies	33,482
Professional services	45,029
Depreciation	72,904
Total Operating Expenses	_____ 1,522,158
Operating Income (Loss)	_____ (1,522,158)
NON-OPERATING REVENUES (EXPENSES)	
Taxes	512,836
State revenue sharing	28,581
Interest income	175,411
Royalties, leases and timber sales	739,742
Gain on land transfer	60,495
Miscellaneous	144,001
Total Non-Operating Revenues (Expenses)	_____ 1,661,066
Change in Net Assets	138,908
Total Net Assets, Beginning of year	_____ 17,432,577
Total Net Assets, End of year	\$ _____ 17,571,485

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Caddo Levee District	<u>\$ 1,522,158</u>	<u>\$</u>	<u>\$</u>	<u>\$ (1,522,158)</u>
General Revenues:				
Taxes				512,836
State revenue sharing				28,581
Interest income				175,411
Royalties, leases and timber sales				739,742
Gain on land transfer				60,495
Miscellaneous				<u>144,001</u>
Total General Revenues				<u>1,661,066</u>
Change in Net Assets				138,908
Net Assets, Beginning of year as restated				<u>17,432,577</u>
Net Assets, End of year				<u>\$ 17,571,485</u>

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2004**

Cash Flows From Operating Activities	
Cash payments to suppliers for goods and services	\$ (1,306,604)
Cash payments to employees for services	(704,621)
Net Cash From Operating Activities	<u>(2,011,225)</u>
Cash Flows From Non-Capital Financing Activities	
Cash receipts of taxes	512,836
Cash receipts of state revenue sharing	28,581
Cash receipts of royalties, leases, and timber sales	738,420
Cash receipts of miscellaneous revenues	144,031
Net Cash From Non-Capital Financing Activities	<u>1,423,868</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition/construction of capital assets	(18,570)
Net Cash From Capital and Related Financing Activities	<u>(18,570)</u>
Cash Flow From Investing Activities	
Interest income	177,317
Net Cash From Investing Activities	<u>177,317</u>
Net increase (decrease) in cash and cash equivalents	(428,610)
Cash, Beginning of year	<u>15,894,590</u>
Cash, End of year	<u><u>\$ 15,465,980</u></u>
Reconciliation of Operating Loss to Net Cash Provided	
By/(Used In) Operating Activities	
Operating income (loss)	\$ (1,522,158)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities	
Depreciation expense	72,904
Accounts payable and accruals	(547,456)
Deferred revenues	2,251
Compensated absences	(16,766)
Net Cash Flows From Operating Activities	<u><u>\$ (2,011,225)</u></u>

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

INTRODUCTION

The Caddo Levee District, a component unit of the State of Louisiana, was created by the Louisiana State Legislature under the provisions of Louisiana Constitution of 1974, Article 6, Section 34, and includes all of Caddo Parish. The Levee District primarily provides flood protection for those areas contained in the District. The Board of Commissioners administers the operations and responsibilities of the Levee District in accordance with the provisions of Louisiana statute. The seven members of the Board of Commissioners which governs the District are appointed by the governor of the State of Louisiana.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The 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.

The accompanying financial statements of Caddo Levee District present information only as to the transactions of the programs of the Caddo Levee District as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses 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 accounts of the Caddo Levee District are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

(Continued)

STATE OF LOUISIANA
 CADDO LEVEE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2004
 (Continued)

B. BUDGETARY ACCOUNTING

Formal budgetary accounting is employed as a management control. The District prepares and adopts a budget prior to July 1 of each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the modified accrual basis of accounting. The District amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. All budget appropriations lapse at year end.

The appropriations made for the operations of the various programs of the Caddo Levee District are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements include the original appropriation plus subsequent amendments as follows:

	APPROPRIATIONS
Original approved budget	\$ 15,360,600
Amendments:	<u>NONE</u>
Final approved budget	<u>\$ 15,360,600</u>

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Caddo Levee District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Caddo Levee District may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)**

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits 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 pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer. The deposits at June 30, 2004, were secured as follows:

	Deposits in bank accounts			<u>Total</u>
	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	
Deposits in bank accounts per balance sheet	<u>\$ 512,593</u>	<u>\$ 15,000,000</u>	<u>\$</u>	<u>\$ 15,512,593</u>
Bank balances:				
1. Insured or collateralized with securities held by the entity or its agent in the entity's name	<u>100,000</u>	<u>200,000</u>	<u></u>	<u>300,000</u>
2. Collateralized with securities held by the pledging institution's trust department or agent in the entity's name	<u></u>	<u></u>	<u></u>	<u></u>
3. Uncollateralized, including any securities held for the entity but not in the entity's name	<u>412,593</u>	<u>14,800,000</u>	<u></u>	<u>15,212,593</u>
Total bank balances	<u>\$ 512,593</u>	<u>\$ 15,000,000</u>	<u>\$</u>	<u>\$ 15,512,593</u>

NOTE: The "Total Bank Balances" will not necessarily equal the "Deposits in Bank Account per Balance Sheet".

The following is a breakdown by banking institution, program, and amount of the balances shown above:

1. Bancorp South	General Funds	\$ 7,862,593
2. Hibernia National Bank	General Funds	<u>7,650,000</u>
Total		<u>\$15,512,593</u>

(Continued)

**STATE OF LOUISIANA
CADD O LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)**

Were uncollateralized securities fitting the description in (3) above during the year significantly greater than at June 30, 2004 (last day of your fiscal year)? No If yes, attach a statement listing the amount(s) and a reason for this occurrence.

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included in the balance sheet.

Cash in State Treasury	<u>\$</u>	<u>0</u>
Petty cash	<u>\$</u>	<u>0</u>

2. INVESTMENTS

N/A

(Continued)

STATE OF LOUISIANA
CADDO LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)

D. CAPITAL ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the statement of net assets of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity are charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight-line method over the useful lives of the assets.

	Year ended June 30, 2004			
	Balance 6/30/2003	Additions	Retirements	
Capital assets not being depreciated				
Land	\$ 1,619,514	\$ 65,274	\$ (4,810)	\$ 1,679,978
Total capital assets not being depreciated	<u>\$ 1,619,514</u>	<u>\$ 65,274</u>	<u>\$ (4,810)</u>	<u>\$ 1,679,978</u>
Other capital assets				
Furniture, fixtures, and equipment	\$ 1,442,782	\$ 18,570	\$ (26,349)	\$ 1,435,003
Less accumulated depreciation	<u>(979,520)</u>	<u>(71,060)</u>	<u>24,915</u>	<u>(1,025,665)</u>
Total furniture, fixtures, and equipment	<u>463,262</u>	<u>(52,490)</u>	<u>(1,434)</u>	<u>409,338</u>
Buildings and improvements	112,113			112,113
Less accumulated depreciation	<u>(58,636)</u>	<u>(1,844)</u>		<u>(60,480)</u>
Total buildings and improvements	<u>53,477</u>	<u>(1,844)</u>		<u>51,633</u>
Total other capital assets	<u>\$ 516,739</u>	<u>\$ (54,334)</u>	<u>\$ (1,434)</u>	<u>\$ 460,971</u>
Capital Asset Summary:				
Capital assets not being depreciated	\$ 1,619,514	\$ 65,274	\$ (4,810)	\$ 1,679,978
Other capital assets, at cost	<u>1,554,895</u>	<u>18,570</u>	<u>(26,349)</u>	<u>1,547,116</u>
Total cost of capital assets	3,174,409	83,844	(31,159)	3,227,094
Less accumulated depreciation	<u>(1,038,156)</u>	<u>(72,904)</u>	<u>24,915</u>	<u>(1,086,145)</u>
Capital assets, net	<u>\$ 2,136,253</u>	<u>\$ 10,940</u>	<u>\$ (6,244)</u>	<u>\$ 2,140,949</u>

E. INVENTORIES

N/A

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)**

F. RESTRICTED ASSETS

N/A

G. LEAVE

COMPENSATED ABSENCES

The Caddo Levee District has the following policy on annual and sick leave:

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, an employee is 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, the number of hours of unused sick leave is computed and considered in computing the years of service for retirement benefit purposes.

At June 30, 2004, employees of the Caddo Levee District had accumulated \$52,314 in annual leave benefits which were computed in accordance with GASB Codification Section C 60. The following is a summary of the changes in accumulated annual leave benefits for the year ended June 30, 2004.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Compensated Absences	\$ 53,951	\$ 37,197	\$ (38,834)	\$ 52,314	\$ 25,547
Less amounts due within period of availability- recorded in accounts payable				(14,313)	(14,313)
Total long-term liabilities, government-wide statements				<u>\$ 38,001</u>	<u>\$ 11,234</u>

H. RETIREMENT SYSTEM

Substantially all of the employees of the Caddo Levee District are members of the La State Employees Retirement System (System), a cost sharing multiple-employer, defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)**

All full-time Caddo Levee 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.

Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and the District is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal years ended June 30, 2004, 2003, and 2002 was 15.8%, 14.1%, and 13%, respectively, of annual covered payroll. The contribution requirements of plan members and the office are established and may be amended by state statute. As provided by state statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contributions to the System for the years ending June 30, 2004, 2003, and 2002 were \$73,830, 52,966, and \$48,110, respectively, equal to the required contributions for each year.

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

GASB 12 requires the following disclosures about an employer's accounting for post retirement health care and life insurance benefits:

1. A description of the benefits provided and the employee group covered.
2. A description of the accounting and funding policies followed for those benefits.
3. The cost of those benefits recognized for the period, unless the costs are not readily determinable.**
4. The effect of significant matters affecting the comparability of the costs recognized for all periods presented.

**If the cost of any post retirement health care or life insurance benefits cannot readily be separated from the cost of providing such benefits for active employees or otherwise be reasonably approximated, the total cost of providing those benefits to active employees and retirees, as well as the number of active employees and the number of retirees covered by the plan must be disclosed.

Substantially all Caddo Levee District employees become eligible for post employment health care, dental and life insurance benefits if they reach normal retirement age while working for the Caddo Levee 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 the Caddo Levee District. For 2004, the cost of providing those benefits for the retirees totaled \$20,192.

(Continued)

STATE OF LOUISIANA
CADDO LEEVE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)

The Caddo Levee District provides certain continuing health care and life insurance benefits for its retired employees. Substantially all Caddo Levee District employees become eligible for those benefits if they reach normal retirement age while working for the Caddo Levee District. Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and by the Caddo Levee District. The Caddo Levee District recognizes the cost of providing these benefits (Caddo Levee District's portion of premiums) as an expenditure when paid during the year, which was \$44,242 for the year ended June 30, 2004. The Caddo Levee District's cost of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 2004 the cost of providing benefits to 5 retirees totaled \$20,192.

J. LEASES

N/A

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2004:

	Balance June 30, 2003	Additions	Reductions	Balance June 30, 2004	Amounts Due Within One Year
Compensated absences	\$ 53,951	\$ 37,197	\$ (38,834)	\$ 52,314	\$ 25,547
Less amounts due within period of availability— recorded in accounts payable				(14,313)	(14,313)
Total long-term liabilities, government-wide statements				<u>\$ 38,001</u>	<u>\$ 11,234</u>

L. LITIGATION

There were no outstanding litigation against the Caddo Levee District at June 30, 2004.

M. RELATED PARTY TRANSACTIONS

N/A

(Continued)

**STATE OF LOUISIANA
CADD0 LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)**

N. ACCOUNTING CHANGES

N/A

O. IN-KIND CONTRIBUTIONS

N/A

P. DEFEASED ISSUES

N/A

Q. COOPERATIVE ENDEAVORS

N/A

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

N/A

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

N/A

T. SHORT-TERM DEBT

N/A

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2004, were as follows:

<u>Class of Receivable</u>	
Interest	\$ 22,460
Royalties, leases, and timber sales	<u>41,996</u>
Total	<u>\$ 64,456</u>

(Continued)

**STATE OF LOUISIANA
CADD O LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)**

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2004, were as follows:

<u>Class of Payable</u>	
Vendor	\$ 2,975
Salaries	11,355
Payroll taxes	1,837
Compensated absences	<u>14,313</u>
Total	<u>\$ 30,480</u>

W. SUBSEQUENT EVENTS

N/A

X. SEGMENT INFORMATION

N/A

Y. DUE TO/DUE FROM AND TRANSFERS

N/A

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

N/A

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

N/A

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)**

AB. DEFERRED COMPENSATION

During 2002, the District began participating in a deferred compensation plan in accordance with the Internal Revenue Code Section 457 (Section 457 Plan). Under Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, plans that meet the criteria in NCGA Statement 1, Governmental Accounting and Financial Reporting Principles, should be reported as an expendable trust fund in the financial statements of the government. Because the District's Section 457 Plan does not meet this criteria, the balances in assets and liabilities were not presented in the financial statements of the District. The District's contribution to the Section 457 Plan was \$19,754 for the year ended June 30, 2004.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SCHEDULE OF PER DIEM PAID BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Commissioners</u>	
James G. Adger	\$ 1,425
James B. Harris	1,050
Andrew J. Hodges, III	1,275
Dan P. Logan, Jr.	675
Willie Washington	1,125
Harold White	<u>1,425</u>
Total	<u>\$ 6,975</u>

The schedule of compensation paid board members was prepared 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 personal services expenses. Board members are paid \$75 per day to a maximum of 36 days per year for board meetings and/or official business. The board president may receive compensation not to exceed \$1,000 per month in lieu of per diem.

Supplementary information. Presented as additional analytical data.

STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SCHEDULE OF STATE FUNDING
FOR THE YEAR ENDED JUNE 30, 2004

<u>DESCRIPTION OF FUNDING</u>	
State Revenue Sharing	\$ <u>28,581</u>

Supplementary information. Presented as additional analytical data.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE
JUNE 30, 2004**

NONE

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SCHEDULE OF NOTES PAYABLE
JUNE 30, 2004**

NONE

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SCHEDULE OF BONDS PAYABLE
JUNE 30, 2004**

NONE

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION
FOR THE YEAR ENDED JUNE 30, 2004**

NONE

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SCHEDULE OF CAPITAL LEASE AMORTIZATION
FOR THE YEAR ENDED JUNE 30, 2004**

NONE

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SCHEDULE OF NOTES PAYABLE AMORTIZATION
FOR THE YEAR ENDED JUNE 30, 2004**

NONE

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SCHEDULE OF BONDS PAYABLE AMORTIZATION
FOR THE YEAR ENDED JUNE 30, 2004**

NONE

**STATE OF LOUISIANA
CADDO LEEVE DISTRICT
COMPARISON FIGURES
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>2004</u>	<u>2003</u>	<u>Difference</u>	<u>Percentage Change</u>
1. Revenues	\$ 1,661,066	\$ 1,577,154	\$ 83,912	5%
Expenses	1,522,158	2,043,783	521,625	26%
2. Capital assets	2,140,949	2,136,253	4,696	.2%
Long-term debt	-	-	-	-
Net Assets	17,571,485	17,432,577	138,908	.7%

Explanation for change: Expenses – For 2003 the Levee District had \$722,410 in repairs to the Bayou Pierre Channel Improvements project. For 2004 the Levee District had significant expenses on repairing floodgates and equipment.

	<u>2004 Original Budget</u>	<u>2004 Final Budget</u>	<u>Difference</u>	<u>Percentage Change</u>
3. Revenues	\$ 1,002,500	\$ 1,002,500	-	-
Expenditures	15,360,600	15,360,600	-	-

Explanation for change: N/A

	<u>2004 Final Budget</u>	<u>2004 Actual</u>	<u>Difference</u>	<u>Percentage Change</u>
Revenues	\$ 1,002,500	\$ 1,603,906	\$ 601,406	60%
Expenditures	15,360,600	1,482,339	13,878,261	90%

Explanation for change: Budgeted revenues were under-estimated for royalties and ad valorem taxes. Expenditures were under budget due to the District not using amounts budgeted for emergency construction and repairs to the levee system.