

LEGISLATIVE AUDITOR
STATE OF LOUISIANA



EAST JEFFERSON LEVEE DISTRICT

STATE OF LOUISIANA
HARAHAN, LOUISIANA

AS OF AND FOR THE YEAR ENDED JUNE 30, 2004

AUDIT REPORT
ISSUED SEPTEMBER 29, 2004

**LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
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BATON ROUGE, LOUISIANA 70804-9397**

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STEVE J. THERIOT, CPA

DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT

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Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

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STEVE J. THERIOT, CPA
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August 27, 2004

Independent Auditor's Report
on the Financial Statements

**BOARD OF COMMISSIONERS OF
THE EAST JEFFERSON LEVEE DISTRICT
STATE OF LOUISIANA**
Harahan, Louisiana

We have audited the accompanying basic financial statements of the East Jefferson Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 2004, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the East Jefferson Levee District. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the East Jefferson Levee District, as of June 30, 2004, and the changes in its financial position and its cash flows 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 our report dated August 27, 2004, on our consideration of the East Jefferson Levee District's internal control over financial reporting and on 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.

Management's discussion and analysis on pages 5 through 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily 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.



EAST JEFFERSON LEVEE DISTRICT

Our audit was conducted for the purpose of forming an opinion on the East Jefferson Levee District's basic financial statements. The accompanying supplementary information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part 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, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

FM:JR:PEP:ss

[EJLD04]



EAST JEFFERSON LEVEE DISTRICT STATE OF LOUISIANA MANAGEMENT'S DISCUSSION AND ANALYSIS

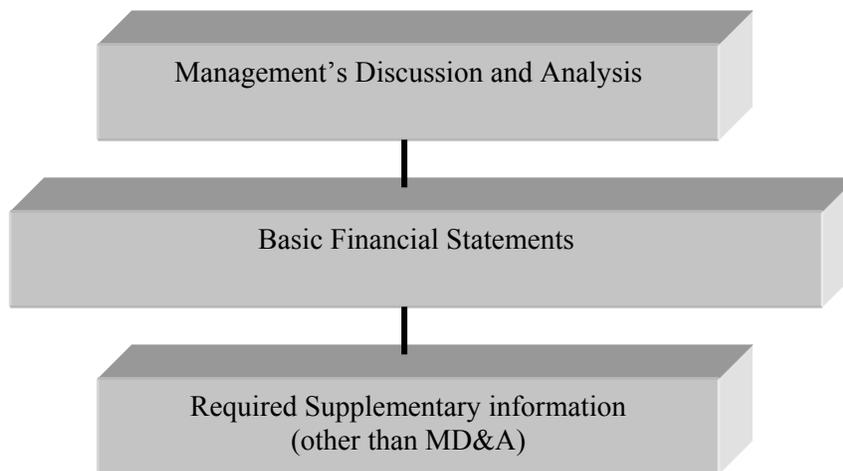
The Management's Discussion and Analysis of the East Jefferson Levee District's financial performance presents a narrative overview and analysis of the East Jefferson Levee District's financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting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

FINANCIAL HIGHLIGHTS

- The district's assets exceeded its liabilities at the close of fiscal year 2004 by \$13,301,607. The net assets decreased by \$172,459 (or 1%).
- The district's total revenue decreased \$824,737 (or 14%).

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.



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 other than MD&A.

The district includes a supplemental schedule of board compensation and other information as may be required by the Division of Administration.



Basic Financial Statements

The basic financial statements present information for the East Jefferson Levee District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

The Statement of Net Assets (page 11) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the East Jefferson Levee District is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets (page 13) presents information showing how East Jefferson Levee District’s assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, transactions are included that will not affect cash until future fiscal periods.

The Cash Flow Statement (page 15) presents information showing how East Jefferson Levee District’s cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE BOARD

Statement of Net Assets
As of June 30
(in thousands)

| | Total | |
|------------------------------------|-----------------|-----------------|
| | 2004 | 2003 |
| Current and other assets | \$11,556 | \$12,149 |
| Capital assets | 5,279 | 5,488 |
| Total assets | <u>16,835</u> | <u>17,637</u> |
| Current and noncurrent liabilities | 3,534 | 4,163 |
| Total liabilities | <u>3,534</u> | <u>4,163</u> |
| Net assets: | | |
| Invested in capital assets | 5,279 | 5,488 |
| Unrestricted | <u>8,022</u> | <u>7,986</u> |
| Total net assets | <u>\$13,301</u> | <u>\$13,474</u> |



MANAGEMENT'S DISCUSSION AND ANALYSIS

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

Net assets of the East Jefferson Levee District decreased by \$172,460 or 1% from June 30, 2003, to June 30, 2004. One of the major causes of this decrease is the increase in personnel and related costs.

Statement of Revenues, Expenses, and
Changes in Net Assets
For the Years Ended June 30
(in thousands)

| | Total | |
|---------------------------------------|----------------|----------------|
| | 2004 | 2003 |
| Operating revenues | \$4,415 | \$4,202 |
| Operating expenses | 5,172 | 6,077 |
| Operating income (loss) | (757) | (1,875) |
| Nonoperating revenues (expenses) | 585 | 1,622 |
| Income (loss) before transfers | (172) | (253) |
| Transfers in | | 645 |
| Transfers out | | (645) |
| Net increase (decrease) in net assets | <u>(\$172)</u> | <u>(\$253)</u> |

The East Jefferson Levee District's total revenues decreased by \$824,737 or 14%. The total cost of all programs and services decreased by \$904,568 or 15%.

STATEMENT OF CASH FLOWS

Another way to assess the financial health of the East Jefferson Levee District is to look at the Statement of Cash Flows. The Statement of Cash Flows assists readers of this statement to assess:

- The ability to generate future cash flows
- The ability to meet obligations as they come due
- A need for external financing



EAST JEFFERSON LEVEE DISTRICT

For the Years Ended June 30
(in thousands)

| | Total | |
|--|-----------------------|-----------------------|
| | <u>2004</u> | <u>2003</u> |
| Cash and cash equivalents provided (used) by: | | |
| Operating activities | (\$1,279) | \$65 |
| Noncapital financing activities | 442 | 324 |
| Capital financial activities | (119) | (183) |
| Investing activities | <u>(240)</u> | <u>1,973</u> |
| Net increase (decrease) in cash and cash equivalents | (1,196) | 2,179 |
| Beginning of year | <u>4,839</u> | <u>2,660</u> |
| End of year | <u><u>\$3,643</u></u> | <u><u>\$4,839</u></u> |

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

At the end of 2004, the East Jefferson Levee District had \$5,279,364 invested in a broad range of capital assets, including land, buildings and improvements, equipment, and infrastructure. (See Table below). This amount represents a net decrease (including additions and deductions) of \$208,319 or 4% from last year.

(Net of Depreciation, in thousands)

| | <u>2004</u> | <u>2003</u> |
|----------------------------|-----------------------|-----------------------|
| Land | \$1,591 | \$1,591 |
| Buildings and improvements | 812 | 850 |
| Equipment | 448 | 538 |
| Infrastructure | <u>2,428</u> | <u>2,508</u> |
| Total | <u><u>\$5,279</u></u> | <u><u>\$5,487</u></u> |

This year's major additions included (in thousands):

- Vehicles and equipment \$119



LONG-TERM OBLIGATIONS

The East Jefferson Levee District has obligations for compensated absences of \$161,226.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately \$255,000 over budget and expenditures were \$43,000 less than budget due in part to more ad valorem taxes collected and less operating expenses.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- Revenue from ad valorem taxes remaining consistent
- Increasing personnel costs

The East Jefferson Levee District expects that next year's results will improve based on the following:

- Improving interest rates
- Controlling insurance costs

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, and investors and creditors with a general overview of the East Jefferson Levee District's finances and to show the East Jefferson Levee District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Fran Campbell, Executive Director.





**EAST JEFFERSON LEVEE DISTRICT
STATE OF LOUISIANA**
Statement of Net Assets, June 30, 2004**ASSETS**

Current assets:

| | |
|------------------------------------|-------------|
| Cash and cash equivalents (note 2) | \$3,642,880 |
| Investments (note 3) | 6,980,160 |
| Receivables (note 4) | 620,573 |
| Prepaid insurance | 312,505 |

Noncurrent assets:

Capital assets:

| | |
|---|-----------|
| Land (note 5) | 1,591,144 |
| Buildings and improvements (net) (note 5) | 811,813 |
| Furniture, fixtures, and equipment (net) (note 5) | 448,907 |
| Infrastructure (net) (note 5) | 2,427,500 |

| | |
|--------------|---------------------|
| Total Assets | <u>\$16,835,482</u> |
|--------------|---------------------|

LIABILITIES

Current liabilities:

| | |
|-------------------|-------------|
| Payables (note 8) | \$3,372,649 |
|-------------------|-------------|

Noncurrent liabilities:

| | |
|---------------------------------------|---------|
| Accrued compensated absences (note 9) | 161,226 |
|---------------------------------------|---------|

| | |
|-------------------|------------------|
| Total Liabilities | <u>3,533,875</u> |
|-------------------|------------------|

NET ASSETS

| | |
|----------------------------|-----------|
| Invested in capital assets | 5,279,364 |
| Unrestricted | 8,022,243 |

| | |
|------------------|--------------------------|
| TOTAL NET ASSETS | <u><u>13,301,607</u></u> |
|------------------|--------------------------|

The accompanying notes are an integral part of this statement.





**EAST JEFFERSON LEVEE DISTRICT
STATE OF LOUISIANA**

**Statement of Revenues, Expenses, and
Changes in Net Assets
For the Year Ended June 30, 2004**

OPERATING REVENUES

| | |
|-----------------------------|------------------|
| Taxes | \$4,408,350 |
| Licenses, permits, and fees | 7,050 |
| Total operating revenues | <u>4,415,400</u> |

OPERATING EXPENSES

| | |
|----------------------------|------------------|
| Cost of sales and services | 4,020,631 |
| Administration | 824,490 |
| Depreciation (note 5) | 327,329 |
| Total operating expenses | <u>5,172,450</u> |

OPERATING LOSS

(757,050)

NONOPERATING REVENUES

| | |
|---|----------------|
| Intergovernmental - state revenue sharing | 393,806 |
| Use of money and property | 142,911 |
| Gain on disposal of fixed assets | 7,815 |
| Other | 40,058 |
| Total nonoperating revenues | <u>584,590</u> |

CHANGE IN NET ASSETS

(172,460)

NET ASSETS AT BEGINNING OF YEAR

13,474,067

NET ASSETS AT END OF YEAR

\$13,301,607

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





EAST JEFFERSON LEVEE DISTRICT
STATE OF LOUISIANA
Statement of Cash Flows
For the Year Ended June 30, 2004
CASH FLOW FROM OPERATING ACTIVITIES:

| | |
|---------------------------------------|--------------------|
| Receipts from customers | \$4,408,350 |
| Payments to suppliers | (3,792,292) |
| Payments to employees | (1,902,569) |
| Other operating revenues (expenses) | 7,050 |
| Net cash used by operating activities | <u>(1,279,461)</u> |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

| | |
|--|----------------|
| State appropriations | 393,806 |
| Other | 47,873 |
| Net cash provided by noncapital financing activities | <u>441,679</u> |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

| | |
|---|------------------|
| Acquisition/construction of capital assets | (119,010) |
| Net cash used by capital and related financing activities | <u>(119,010)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|--|------------------|
| Purchases of investment securities | (22,655,467) |
| Proceeds from sale of investment securities | 22,273,022 |
| Interest and dividends earned on investment securities | 142,911 |
| Net cash used by investing activities | <u>(239,534)</u> |

| | |
|--|---------------------------|
| Net decrease in cash and cash equivalents | (1,196,326) |
| Cash and cash equivalents balances, beginning | <u>4,839,206</u> |
| Cash and cash equivalents balances, ending | <u><u>\$3,642,880</u></u> |

(Continued)

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



EAST JEFFERSON LEVEE DISTRICT
STATE OF LOUISIANA
Statement of Cash Flows
For the Year Ended June 30, 2004

RECONCILIATION OF OPERATING LOSS TO NET
CASH USED BY OPERATING ACTIVITIES:

| | |
|---|-----------------------------|
| Operating loss | (\$757,050) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | |
| Depreciation | 327,329 |
| Change in assets and liabilities: | |
| Increase in receivables, net | (183,857) |
| Increase in other assets | (36,847) |
| Increase in accounts payable and accruals | 122,993 |
| Decrease in compensated absences payable | (10,729) |
| Decrease in other liabilities | <u>(741,300)</u> |
| Net cash used by operating activities | <u><u>(\$1,279,461)</u></u> |

(Concluded)

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



**EAST JEFFERSON LEVEE DISTRICT
STATE OF LOUISIANA**

Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

INTRODUCTION

The East Jefferson Levee District was created by Louisiana State Legislature, Act 716 of 1978 effective January 1, 1979, from the territory removed from the Pontchartrain Levee District. The East Jefferson Levee District includes all or portions of the following parishes: Jefferson Parish East at Mississippi River, South of Lake Pontchartrain, bordered by St. Charles Parish. The East Jefferson Levee District primarily provides flood protection for those areas contained in the district. The governing board administers the operations and responsibilities of the levee district in accordance with the provisions of Louisiana statutes. The levee district has approximately 79 full-time employees. The Board of Commissioners of the East Jefferson Levee District consists of five commissioners, four of whom are appointed by the governor. One commissioner is appointed by the Jefferson Parish Council.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. The levee district applies all GASB pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. In accordance with the instructions of the Louisiana Division of Administration, the levee district implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures," an amendment of GASB Statement No. 3.

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The levee district is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the majority of commissioners and can impose her will upon the levee district. The accompanying financial statements present information only as to the transactions of the East Jefferson Levee District, a component unit of the State of Louisiana. Annually, the State of Louisiana issues basic financial statements, which include the activity contained in the accompanying financial statements.



C. FUND ACCOUNTING

All activities of the levee district are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to the levee district is determined by its measurement focus. The transactions of the levee district are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Assets. Net assets are segregated into invested in capital assets, restricted net assets, and unrestricted net assets.

The proprietary funds - enterprise funds use the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred. Major revenues and expenses are recorded as follows:

Revenues

Taxes, licenses, permits, and fees are recorded as operating revenues in the accounting period in which they are earned.

Investment income and federal and state grants are recognized as nonoperating revenue in the accounting period in which they are earned.

Expenses

Salaries are recognized as expenses in the accounting period earned by employees.

Depreciation expense on all exhaustible capital assets is determined by the straight-line method using the estimated useful life and is recorded as an operating expense during the accounting period.

Substantially all other expenses are recognized when incurred.

Under the provisions of GASB Statement 20, "Accounting and Financial Reporting for Proprietary Fund Accounting," the levee district follows pronouncements of the GASB and has elected not to follow Financial Accounting Standards Board guidance issued subsequent to November 30, 1989.

E. BUDGET PRACTICES

The levee district prepares its budget in accordance with R.S. 38:318. The budget is prepared on a modified accrual basis of accounting. The budget for the fiscal year ended June 30, 2004, was adopted on March 3, 2003, and the subsequent amendment was adopted on March 16, 2004. 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.

| | <u>Appropriations</u> |
|--------------------------|-----------------------|
| Original approved budget | \$5,766,600 |
| Amendments | (551,800) |
| Final approved budget | \$5,214,800 |

F. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes petty cash and demand deposits. Cash equivalents include amounts in certificates of deposits with maturities of 90 days or less and money market mutual funds. Under state law, the East Jefferson Levee District may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the levee district may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the levee district may also invest in U.S. Treasury obligations, U.S. government agency obligations, and direct security repurchase agreements or in eligible mutual funds that invest in these securities. Investments are stated at fair value.

G. PREPAID ITEMS

Payments to vendors for insurance include costs applicable to the next accounting period and are recorded as prepaid items.

H. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure (such as bridges, seawalls, roads, and levees), are reported in the basic financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair value at the date of donation. The levee district maintains a threshold level of \$5,000 or more for capitalizing equipment and infrastructure, which includes the cost to construct and improve bridges, flood gates, and related roadway approaches.

All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

| <u>Description</u> | <u>Years</u> |
|-------------------------------------|--------------|
| Buildings and building improvements | 40 |
| Furniture and equipment | 3-40 |
| Infrastructure | 40 |



I. COMPENSATED ABSENCES

Employees of the levee district 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. In addition, it is the levee district's policy to pay any accumulated compensatory leave at the employee's hourly rate of pay at the time of termination.

The cost of leave privileges, computed in accordance with GASB Codification Section C60.105, is recognized when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources that is recorded as a noncurrent liability at June 30, 2004, is \$161,226.

J. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

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

K. DEFERRED COMPENSATION PLAN

Certain employees of the East Jefferson Levee District participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

L. NET ASSETS

Net assets comprise the various net earnings from operations and nonoperating revenues and expenses. Net assets are classified in the following three components:

Invested in capital assets consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction or improvement of those assets. No bonds were outstanding.

Restricted consists of external constraints placed on net asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consists of all other net assets that are not included in the other categories previously mentioned.



2. CASH AND CASH EQUIVALENTS

At June 30, 2004, the levee district has cash and cash equivalents (book balances), totaling \$3,642,880, which consist of the following:

| | | |
|-------------------------------------|----------------|-------------------------------|
| Cash: | | |
| Petty cash | \$100 | |
| Demand deposits | 647,422 | |
| Subtotal | <u>647,522</u> | |
| Cash equivalents: | | |
| Money Market Fund | 2,343,984 | |
| Certificates of deposit | <u>651,374</u> | |
| Total cash and cash equivalents | | <u><u>\$3,642,880</u></u> |

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. The deposits at June 30, 2004, are secured as follows:

| | Deposits in Bank Accounts | | | Total |
|---|---------------------------|----------------------------|-------------|--------------------|
| | Cash | Certificates of Deposit | Other | |
| Deposits in Bank Accounts per Balance Sheet (book) | <u>\$647,422</u> | <u>\$651,374</u> | <u>NONE</u> | <u>\$1,298,796</u> |
| Collected Bank Balances: | | | | |
| Uninsured and collateralized with securities held by pledging institution's trust department or agent but not in the entity's name (Category 3) | <u>\$599,189</u> | <u>\$551,374</u> | <u>NONE</u> | <u>\$1,150,563</u> |
| Total Bank Balances (GASB Risk Category 3) | <u>\$599,189</u> | <u>\$551,374</u> | <u>NONE</u> | <u>\$1,150,563</u> |

The Money Market Fund invests substantially all (at least 80%) of its net assets in securities issued or guaranteed as to principal and interest by the U.S. government, its agencies, and repurchase agreements backed by such securities. This fund is not rated by the nationally recognized statistical rating organizations.

3. INVESTMENTS

At June 30, 2004, investments of the levee district total \$6,980,160, in certificates of deposit with maturities longer than 90 days. The certificates of deposit are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the levee district's name (GASB Risk Category 3).



EAST JEFFERSON LEVEE DISTRICT

4. RECEIVABLES

At June 30, 2004, the levee district has receivable balances totaling \$620,573 as follows:

Class of Receivables

| | |
|--|-----------------------------|
| Accrued interest on investment | \$6,463 |
| Other | 10,601 |
| Reimbursement of advance: | |
| Louisiana Department of Transportation and Development | 347,063 |
| United States Army Corps of Engineers | <u>256,446</u> |
| Total | <u><u>\$620,573</u></u> |

5. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets is as follows:

| | Beginning Balance July 1, 2003 | Additions | Retirements | Ending Balance June 30, 2004 |
|---|--------------------------------------|------------------------|--------------------|------------------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$1,591,144 | | | \$1,591,144 |
| Total capital assets, not being depreciated | <u>1,591,144</u> | <u>NONE</u> | <u>NONE</u> | <u>1,591,144</u> |
| Other capital assets: | | | | |
| Furniture, fixtures, and equipment | 2,189,378 | \$119,010 | (\$152,802) | 2,155,586 |
| Buildings and improvements | 1,551,963 | | | 1,551,963 |
| Infrastructure | 3,200,000 | | | 3,200,000 |
| Total capital assets, being depreciated | <u>6,941,341</u> | <u>119,010</u> | <u>(152,802)</u> | <u>6,907,549</u> |
| Less accumulated depreciation for: | | | | |
| Furniture, fixtures, and equipment | (1,650,952) | (208,529) | 152,802 | (1,706,679) |
| Buildings and improvements | (701,350) | (38,800) | | (740,150) |
| Infrastructure | (692,500) | (80,000) | | (772,500) |
| Total accumulated depreciation | <u>(3,044,802)</u> | <u>(327,329)</u> | <u>152,802</u> | <u>(3,219,329)</u> |
| Total capital assets being depreciated, net | <u>\$3,896,539</u> | <u>(\$208,319)</u> | <u>NONE</u> | <u>\$3,688,220</u> |
| Capital Assets Summary: | | | | |
| Capital assets not being depreciated | \$1,591,144 | | | \$1,591,144 |
| Other capital assets, at cost | <u>6,941,341</u> | <u>\$119,010</u> | <u>(\$152,802)</u> | <u>6,907,549</u> |
| Total cost of capital assets | 8,532,485 | 119,010 | (152,802) | 8,498,693 |
| Less accumulated depreciation | <u>(3,044,802)</u> | <u>(327,329)</u> | <u>152,802</u> | <u>(3,219,329)</u> |
| Capital assets, net | <u>\$5,487,683</u> | <u>(\$208,319)</u> | <u>NONE</u> | <u>\$5,279,364</u> |

There are 11.52 miles of Mississippi River and Tributaries (MR&T) levees that lie within the jurisdiction of East Jefferson Levee District. These levees were constructed and improved over the past 100 years by both original



landowners and the federal and state governments. The estimated cost of the 11.52 miles of MR&T levees as of June 30, 2004, is \$8,513,000. This estimate is based on information obtained from the New Orleans District of the U.S. Army Corps of Engineers.

The East Jefferson Levee District mows the grass and does minor repairs to 18 miles of hurricane protection levees. These levees were built and improved during the past 35 years. Hurricane protection levees provide protection from coastal high tides and storm surges associated with tropical weather systems. The majority of funding for construction was provided by the U.S. Government. The estimated project cost as of June 30, 2004, obtained from the New Orleans District of the U.S. Corps of Engineers is \$125,948,000.

With the adjournment of both MR&T and hurricane protection levees, a circle of flood protection is provided for the residents and property of Southeast Louisiana.

The Louisiana Division of Administration, in a letter dated June 11, 2002, advised the levee district that if it did not provide major and significant improvements or maintenance to the levees then that would not constitute ownership under GASB Statement 34 requirements. Based on the guidance from the Division, the levee district reported the information in the preceding three paragraphs and did not capture costs for capitalization and depreciation. The levee district mows grass and does minor repairs with its own workforce. Major repairs are normally made by the U.S. Army Corps of Engineers.

6. PENSION PLAN

Substantially all employees of the levee district are members of the Louisiana State Employees Retirement System (LASERS) (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. LASERS provides retirement, disability, and survivors' benefits to plan members and beneficiaries. Benefits granted by LASERS are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974.

All full-time levee district employees are eligible to participate in LASERS. 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. LASERS issues an annual publicly available financial report that includes financial statements and required supplementary information. 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.

Employees are required by state statute to contribute 7.5% of gross salary, and the levee district is required to contribute at an actuarially determined rate as required by R.S. 11:102. The levee district's contribution rate for the fiscal year ended June 30, 2004, was 15.8% of annual covered payroll, increased from 14.1% and 13% required in fiscal years ended June 30, 2003, and 2002, respectively. The levee district's contributions to the System for the years ending June 30, 2004, 2003, and 2002, were \$265,663, \$219,637, and \$197,354, respectively, equal to the required contributions for each year.



7. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Substantially all levee district employees become eligible for postemployment health care, dental, and life insurance benefits if they reach normal retirement age while working for the levee district. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the levee district. For the year ended June 30, 2004, the cost of providing those benefits for the eight retirees totaled \$23,525.

8. PAYABLES

At June 30, 2004, the levee district has payables totaling \$3,372,649 as follows:

Class of Payables

| | |
|---|---------------------------|
| Accounts payable | \$129,630 |
| Salaries payable | 59,644 |
| Payroll deductions and employer's payable | 13,675 |
| Payable to Corps of Engineers | <u>3,169,700</u> |
| Total | <u><u>\$3,372,649</u></u> |

9. CHANGES IN LONG-TERM OBLIGATIONS

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

| | Long-Term Obligations Payable at July 1, 2003 | Additions | Reductions | Long-Term Obligations Payable at June 30, 2004 | Due Within One Year |
|------------------------------|--|-------------------------|---------------------------|---|------------------------|
| Compensated absences payable | <u>\$171,955</u> | <u>\$122,325</u> | <u>(\$133,054)</u> | <u>\$161,226</u> | NONE |
| Total long-term liabilities | <u><u>\$171,955</u></u> | <u><u>\$122,325</u></u> | <u><u>(\$133,054)</u></u> | <u><u>\$161,226</u></u> | NONE |

10. LITIGATION

The East Jefferson Levee District is a defendant in lawsuits involving the levee district's right-of-ways and civil damages. The levee district's legal counsel has reviewed all claims and lawsuits to evaluate the likelihood of an unfavorable outcome to the levee district. The legal counsel is of the opinion that liability from lawsuits is questionable or insurance coverage appears adequate and that no significant monetary liability is contemplated at this time or it is too early to render an opinion regarding the lawsuits. The liability amount, if any, cannot be reasonably estimated at this time.

11. LEVEE DISTRICT TAXES

Article 6, Section 39 of the 1974 Louisiana Constitution provides that the levee 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. However, because of reassessment, East Jefferson Levee District cannot



exceed 4.01 mills. If the levee district needs to raise additional funds in excess of the amount authorized by the constitution, the taxes in excess of 4.01 mills must be approved by a majority vote of the electors. The levee district levied ad valorem taxes of 3.13 mills.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes were levied by the levee district in November and billed to the taxpayers in December. Billed taxes become delinquent on January 1 of the following year.

12. JOINT VENTURE

There exists a joint agreement between the levee district and the Greater New Orleans Expressway Commission. The agreement is for the Greater New Orleans Expressway Commission to provide police communication services. The services will be provided for an annual fee not to exceed \$49,200 payable by the levee district in equal monthly installments of \$4,100. The agreement is for a primary term equal to thirty-six (36) months beginning April 29, 2004. However, either party may terminate this agreement at any time by giving thirty (30) days prior written notice to the other party of its intent to terminate this agreement. The agreement was made under the authority of Article VII, Section 3 of the Louisiana Constitution, the Local Service Law, and R.S. 33:1321 that a political subdivision may exercise and perform any authorized power and function in cooperation with another political subdivision. The levee district's expenditures for the year ended June 30, 2004, relating to this joint agreement was \$49,200.





**EAST JEFFERSON LEVEE DISTRICT
STATE OF LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULES
For the Year Ended June 30, 2004**

PER DIEM PAID BOARD MEMBERS

Schedule 1, which presents the per diem 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. Board members are paid \$75 per day, to a maximum of 36 days per year, for board meetings and official business. During the period of an emergency as declared and determined by the governor, the levee district shall be authorized to hold as many meetings or emergency activities as the board deems necessary, and the members shall be paid per diem for such meetings and activities.

Board President Patrick T. Bossetta is paid a monthly salary of \$1,000 in lieu of per diem during his term in office, as authorized by Louisiana Revised Statute 38:308.

**ANNUAL FISCAL REPORT TO THE OFFICE OF THE GOVERNOR,
DIVISION OF ADMINISTRATION,
OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY**

The annual fiscal report presents the financial position of the East Jefferson Levee District as of June 30, 2004, and the results of its operations (including cash flows) for the year then ended in the format required by the Office of Statewide Reporting and Accounting Policy for consolidation into the Louisiana Comprehensive Annual Financial Report.





**EAST JEFFERSON LEVEE DISTRICT
STATE OF LOUISIANA**

**Schedule of Per Diem Paid Board Members
For the Year Ended June 30, 2004**

| | |
|---------------------|------------------------|
| Walter M. Dabbs | \$2,700 |
| Ronald G. Zibilich | 11,000 |
| Patrick T. Bossetta | 2,250 |
| P. J. Hahn | 2,850 |
| Glen J. Bergeron | 3,475 |
| | <hr/> |
| Total | <u><u>\$22,275</u></u> |





STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
JUNE 30, 2004

FINANCIAL INFORMATION REQUIRED BY DIVISION OF
ADMINISTRATION, OFFICE OF STATEWIDE REPORTING
AND ACCOUNTING POLICY

EAST JEFFERSON LEVEE DISTRICT
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2004

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FELIX J. HRAPMANN, JR., C.P.A.
(1919-1990)
WILLIAM R. HOGAN, JR., C.P.A.
(1920-1996)
JAMES MAHER, JR., C.P.A.
(1921-1999)

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LA. C.P.A.'S

August 6, 2004

East Jefferson Levee District
203 Plauche Court
Harahan, LA 70123

We have compiled the balance sheet of East Jefferson Levee District as of June 30, 2004 and the related statements of revenues, expenses, and changes in fund net assets, activities and cash flows for the year then ended included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information included as Schedules 1-15 of the accompanying prescribed form.

Our compilation was limited to presenting in the form prescribed by the Division of Administration, Office of Statewide Reporting and Accounting Policy Information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly; do not express an opinion or any other form of assurance on them.

The financial statements and the supplementary information in Schedules 1-15 including related disclosures are presented in accordance with the requirements of the Division of Administration, Office of Statewide Reporting and Accounting Policy, which differ from accounting principles generally accepted in the United States of America. Accordingly, these financial statements and supplementary information are not designed for those who are not informed about such differences.

DuPlantier, Hrapmann, Hogan & Maher LLP

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 2004

EAST JEFFERSON 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, Patrick T. Bossetta, President, of East Jefferson Levee District who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of East Jefferson 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 23rd day of August, 2004.


Signature of Agency Official


NOTARY PUBLIC

Prepared by: DUPLANTIER, HRAPMANN, HOGAN & MAHER, LLP

Contact: Lindsay J. Calub, CPA

Telephone No.: 504 586-8866

Date: August 23, 2004

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

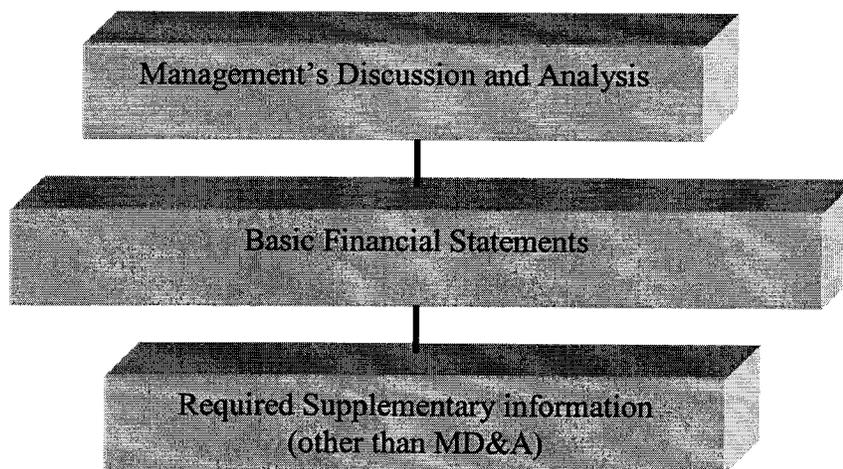
The Management's Discussion and Analysis of the East Jefferson Levee District's financial performance presents a narrative overview and analysis of East Jefferson Levee District's financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the East Jefferson Levee District's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- * The East Jefferson Levee District's assets exceeded its liabilities at the close of fiscal year 2004 by \$13,301,607. The net assets decreased by \$172,460 (or 1%).
- * The East Jefferson Levee District's revenue decreased \$824,737 (or 14%).

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



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 other than MD&A.

The district includes a supplemental schedule of board compensation and other information as may be required by the Division of Administration.

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

Basic Financial Statements

The basic financial statements present information for the East Jefferson Levee District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance Sheet; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Balance Sheet (page 8) presents the current and long term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the East Jefferson Levee District is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 9) presents information showing how East Jefferson Levee District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statement (page 11-12) presents information showing how East Jefferson Levee District's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets
as of June 30
(in thousands)

| | Total | |
|------------------------------------|-----------------|-----------------|
| | 2004 | 2003 |
| Current and other assets | \$11,556 | \$12,149 |
| Capital assets | 5,279 | 5,488 |
| Total assets | <u>16,835</u> | <u>17,637</u> |
| Current and noncurrent liabilities | 3,534 | 4,163 |
| Total liabilities | <u>3,534</u> | <u>4,163</u> |
| Net assets: | | |
| Invested in capital assets | 5,279 | 5,488 |
| Unrestricted | 8,022 | 7,986 |
| Total net assets | <u>\$13,301</u> | <u>\$13,474</u> |

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spend.

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

Net assets of East Jefferson Levee District decreased by \$172,460, or 1%, from June 30, 2003 to June 30, 2004. One of the major causes of this decrease is the increase in personnel related costs.

Statement of Revenues, Expenses, and Changes in Net Assets
for the years ended June 30, 2004
(in thousands)

| | Total | |
|--------------------------------------|---------|---------|
| | 2004 | 2003 |
| Operating revenues | \$4,415 | \$4,202 |
| Operating expenses | 5,172 | 6,077 |
| Operating income(loss) | (757) | (1,875) |
| Non-operating revenues(expenses) | 585 | 1,622 |
| Income(loss) before transfers | (172) | (253) |
| Transfers in | | 645 |
| Transfers out | | (645) |
| Net increase(decrease) in net assets | (\$172) | (\$253) |

The East Jefferson Levee District's total revenues decreased by \$824,737 or (14%). The total cost of all programs and services decreased by \$904,568 or 15%.

STATEMENT OF CASH FLOWS

Another way to assess the financial health of the East Jefferson Levee District is to look at the Statement of Cash Flows. The Statement of Cash Flows assists readers of this statement to assess:

- * The ability to generate future cash flows
- * The ability to meet obligations as they come due
- * A need for external financing

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

Statement of Cash Flows
(in thousands)

| | Total | |
|--|----------------|----------------|
| | 2004 | 2003 |
| Cash and cash equivalents provided (used) by: | | |
| Operating activities | (\$1,279) | \$65 |
| Non-capital financing activities | 442 | 324 |
| Capital Financing Activities | (119) | (183) |
| Investing activities | (240) | 1,973 |
| Net increase (decrease) in cash and cash equivalents | (1,196) | 2,179 |
| Cash and cash equivalents | | |
| Beginning of year | 4,839 | 2,660 |
| End of year | <u>\$3,643</u> | <u>\$4,839</u> |

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2004, the East Jefferson Levee District had \$5,279,364 invested in a broad range of capital assets, including land, buildings, equipment and infrastructure. (See Table below) This amount represents a net decrease (including additions and deductions) of \$208,319, or 4%, from last year.

Capital Assets at Year-end
(Net of Depreciation, in thousands)

| | 2004 | 2003 |
|----------------------------|----------------|----------------|
| Land | \$1,591 | \$1,591 |
| Buildings and improvements | 812 | 851 |
| Equipment | 448 | 538 |
| Infrastructure | 2,428 | 2,508 |
| Totals | <u>\$5,279</u> | <u>\$5,488</u> |

This year's major additions included (in thousands):

- * Vehicles and equipment \$119

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

Long-Term Obligations

The East Jefferson Levee District has obligations for compensated absences of \$161,226.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately \$255,000 over budget and expenditures were \$43,000 less than budget due in part to more ad valorem taxes collected and less operating expenses.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The East Jefferson 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:

- * Revenues from ad valorem taxes remaining consistent
- * Increase in personnel costs

The East Jefferson Levee District expects that next year's results will improve based on the following:

- * Improving interest rates
- * Control insurance costs

CONTACTING THE EAST JEFFERSON LEVEE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the East Jefferson Levee District's finances and to show the East Jefferson Levee District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Fran Campbell, Executive Director.

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
Balance Sheet
AS OF JUNE 30, 2004

ASSETS

CURRENT ASSETS:

| | |
|---|-------------------|
| Cash and cash equivalents (Note C1) | \$ 3,642,880 |
| Investments (Note C2) | 6,980,160 |
| Receivables (net of allowance for doubtful accounts) (Note U) | 620,573 |
| Due from other funds (Note Y) | |
| Due from federal government | |
| Inventories | |
| Prepayments | 312,505 |
| Notes receivables | |
| Other current assets | |
| Total current assets | <u>11,556,118</u> |

NONCURRENT ASSETS:

| | |
|---|----------------------|
| Restricted assets (Note F): | |
| Cash | |
| Investments | |
| Receivables | |
| Notes receivables | |
| Capital assets (net of depreciation) (Note D) | |
| Land | 1,591,144 |
| Buildings and improvements | 811,813 |
| Machinery and equipment | 448,907 |
| Infrastructure | 2,427,500 |
| Construction in progress | |
| Other noncurrent assets | |
| Total noncurrent assets | <u>5,279,364</u> |
| Total assets | <u>\$ 16,835,482</u> |

LIABILITIES

CURRENT LIABILITIES:

| | |
|---|------------------|
| Accounts payable and accruals (Note V) | \$ 3,372,649 |
| Due to other funds (Note Y) | |
| Due to federal government | |
| Deferred revenues | |
| Amounts held in custody for others | |
| Other current liabilities | |
| Current portion of long-term liabilities: | |
| Contracts payable | |
| Reimbursement contracts payable | |
| Compensated absences payable (Note K) | |
| Capital lease obligations (Note J) | |
| Notes payable | |
| Liabilities payable from restricted assets (Note Z) | |
| Bonds payable | |
| Other long-term liabilities | |
| Total current liabilities | <u>3,372,649</u> |

NON-CURRENT LIABILITIES:

| | |
|---|------------------|
| Contracts payable | |
| Reimbursement from contracts payable | |
| Compensated absences payable (Note K) | 161,226 |
| Capital lease obligations (Note J) | |
| Notes payable | |
| Liabilities payable from restricted assets (Note Z) | |
| Bonds payable | |
| Other long-term liabilities | |
| Total long-term liabilities | <u>161,226</u> |
| Total liabilities | <u>3,533,875</u> |

NET ASSETS

| | |
|---|----------------------|
| Invested in capital assets, net of related debt | 5,279,364 |
| Restricted for: | |
| Capital projects | |
| Debt Service | |
| Unemployment compensation | |
| Other specific purposes | |
| Unrestricted | 8,022,243 |
| Total long-term liabilities | <u>13,301,607</u> |
| Total liabilities and net assets | <u>\$ 16,835,482</u> |

See accountant's compilation report and accompanying notes.
Statement A

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

| | |
|---|----------------------|
| OPERATING REVENUES | |
| Sales of commodities and services | \$ _____ |
| Assessments - ad valorem taxes | <u>4,408,350</u> |
| Use of money and property | _____ |
| Licenses, permits, and fees | <u>7,050</u> |
| Other | _____ |
| Total operating revenues | <u>4,415,400</u> |
| OPERATING EXPENSES | |
| Cost of sales and services | <u>4,020,631</u> |
| Administrative | <u>824,490</u> |
| Depreciation | <u>327,329</u> |
| Amortization | _____ |
| Total operating expenses | <u>5,172,450</u> |
| Operating income(loss) | <u>(757,050)</u> |
| NON-OPERATING REVENUES(EXPENSES) | |
| State appropriations | <u>393,806</u> |
| Intergovernmental revenues (expenses) | _____ |
| Taxes | _____ |
| Use of money and property | <u>142,911</u> |
| Gain (loss) on disposal of fixed assets | <u>7,815</u> |
| Federal grants | _____ |
| Interest expense | _____ |
| Other | <u>40,058</u> |
| Total non-operating revenues(expenses) | <u>584,590</u> |
| Income(loss) before contributions and transfers | <u>(172,460)</u> |
| Capital contributions | _____ |
| Transfers in | _____ |
| Transfers out | _____ |
| Change in net assets | <u>(172,460)</u> |
| Total net assets – beginning | <u>13,474,067</u> |
| Total net assets – ending | <u>\$ 13,301,607</u> |

See accountant's compilation report and accompanying notes.

Statement B

STATE OF LOUISIANA
 EAST JEFFERSON LEVEE DISTRICT
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2004

| | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Assets |
|--|------------------|-------------------------|--|--|--|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Entity | \$ 5,172,450 | \$ 7,050 | \$ 0 | \$ 0 | (5,165,400) |
| General revenues: | | | | | |
| Taxes | | | | | 4,408,350 |
| State appropriations | | | | | 393,806 |
| Grants and contributions not restricted to specific programs | | | | | |
| Interest | | | | | 142,911 |
| Miscellaneous | | | | | 47,873 |
| Special items | | | | | |
| Transfers | | | | | |
| Total general revenues, special items, and transfers | | | | | 4,992,940 |
| Change in net assets | | | | | (172,460) |
| Net assets - beginning | | | | | 13,474,067 |
| Net assets - ending | | | | | \$ 13,301,607 |

See accountant's compilation report and accompanying notes.
 Statement C

**STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT**

Statement of Cash Flows
AS OF JUNE 30, 2004

Cash flows from operating activities

| | | |
|---|--------------------|--------------------|
| Cash received from customers | \$ 4,408,350 | |
| Cash payments to suppliers fro goods and services | <u>(3,792,292)</u> | |
| Cash payments to employees for services | <u>(1,902,569)</u> | |
| Payments in lieu of taxes | | |
| Internal activity-payments to other funds | | |
| Claims paid to outsiders | | |
| Other operating revenues(expenses) | <u>7,050</u> | |
| Net cash provided(used) by operating activities | | <u>(1,279,461)</u> |

Cash flows from non-capital financing activities

| | | |
|---|----------------|----------------|
| State appropriations | <u>393,806</u> | |
| Proceeds from sale of bonds | | |
| Principal paid on bonds | | |
| Interest paid on bond maturities | | |
| Proceeds from issuance of notes payable | | |
| Principal paid on notes payable | | |
| Interest paid on notes payable | | |
| Operating grants received | | |
| Other | <u>47,873</u> | |
| Transfers In | | |
| Transfers Out | | |
| Net cash provided by non-capital financing activities | | <u>441,679</u> |

Cash flows from capital and related financing

| | | |
|---|------------------|------------------|
| Proceeds from sale of bonds | | |
| Principal paid on bonds | | |
| Interest paid on bond maturities | | |
| Proceeds from issuance of notes payable | | |
| Principal paid on notes payable | | |
| Interest paid on notes payable | | |
| Acquisition/construction of capital assets | <u>(119,010)</u> | |
| Proceeds from sale of capital assets | | |
| Capital contributions | | |
| Other | | |
| Net cash provided(used) by capital and related financing activities | | <u>(119,010)</u> |

Cash flows from capital and related financing

| | | |
|--|---------------------|------------------|
| Purchases of investment securities | <u>(22,655,467)</u> | |
| Proceeds from sale of investment securities | <u>22,273,022</u> | |
| Interest and dividends earned on investment securities | <u>142,911</u> | |
| Net cash provided(used) by investing activities | | <u>(239,534)</u> |

Net increase(decrease) in cash and cash equivalents (1,196,326)

Cash and cash equivalents at beginning of year 4,839,206

Cash and cash equivalents at end of year \$ 3,642,880

See accountant's compilation report and accompanying notes.
Statement D

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

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

| | | | |
|---|-----------|----|--------------------|
| Operating income(loss) | | \$ | <u>(757,050)</u> |
| Adjustments to reconcile operating income(loss) to net cash | | | |
| Depreciation/amortization | 327,329 | | |
| Provision for uncollectible accounts | | | |
| Changes in assets and liabilities: | | | |
| (Increase)decrease in accounts receivable, net | (183,857) | | |
| (Increase)decrease in due from other funds | | | |
| (Increase)decrease in prepayments | | | |
| (Increase)decrease in inventories | | | |
| (Increase)decrease in other assets | (36,847) | | |
| Increase(decrease) in accounts payable and accruals | 122,993 | | |
| Increase(decrease) in accrued payroll and related benefits | | | |
| Increase(decrease) in compensated absences payable | (10,729) | | |
| Increase(decrease) in due to other funds | | | |
| Increase(decrease) in deferred revenues | | | |
| Increase(decrease) in other liabilities | (741,300) | | |
| Net cash provided(used) by operating activities | | \$ | <u>(1,279,461)</u> |

Schedule of noncash investing, capital, and financing activities:

| | |
|--|--------------|
| Borrowing under capital lease | _____ |
| Contributions of fixed assets | _____ |
| Purchases of equipment on account | _____ |
| Asset trade-ins | _____ |
| Other (specify) | _____ |
| _____ | _____ |
| _____ | _____ |
| Total noncash investing, capital, and financing activities: | _____ |

(Concluded)

See accountant's compilation report and accompanying notes.
 Statement D

INTRODUCTION

The East Jefferson Levee District was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute Act 716 of 1978. The following is a brief description of the operations of East Jefferson Levee District which includes the parish/parishes in which the East Jefferson Levee District is located:

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 East Jefferson Levee District present information only as to the transactions of the programs of the 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 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.

B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the East Jefferson 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:

**STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2004**

The deposits at June 30, 2004, consisted of the following:

| | Cash | Certificates of Deposit | Other (Describe) | Total |
|---|-------------------|----------------------------|---------------------|---------------------|
| Deposits in bank accounts per balance sheet | \$ 647,422 | \$ 651,374 | | \$ 1,298,796 |
| Bank balances (category 3 only, if any) Identify amounts reported as category 3 by the description below: | | | | |
| a. Uninsured and uncollateralized | | | | |
| b. Uninsured and collateralized with securities held by the pledging institution | | | | |
| c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the entity's name | 599,189 | 551,374 | | 1,150,563 |
| Total category 3 bank balances | \$ 599,189 | \$ 551,374 | | \$ 1,150,563 |
| Total bank balances (All categories including category 3 reported above) | \$ 699,189 | \$ 651,374 | | \$ 1,350,563 |

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, account number, and amount of the balances shown above:

| | Banking institution | Program | Amount |
|-------|---------------------|-----------------------|--------------|
| 1. | Omni Bank | Operating Account | \$ 520,975 |
| 2. | Omni Bank | Levee Improvement | 3,097 |
| 3. | Omni Bank | Insurance Fund | 175,117 |
| 4. | Omni Bank | General Fund CDs | 325,869 |
| 5. | Omni Bank | Levee Improvement CDs | 325,505 |
| Total | | | \$ 1,350,563 |

At June 30, 2004, the levee district has money market funds totaling \$2,343,984.

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 on the balance sheet.

| | |
|------------------------|-------|
| Cash in State Treasury | \$0 |
| Petty cash | \$100 |

2. INVESTMENTS

The East Jefferson Levee District does maintain investment accounts as authorized by LRS 49-327 B.

Investments can be classified according to the level of risk to the entity. Using the following categories, list each type of investment disclosing the carrying amount, market value, and applicable category of risk. **Beginning with fiscal year ending June 30, 2004, only risk category 3 has to be broken out separately. However, the total reported amount and fair value columns still must be reported for total investments (including category 3).**

STATE OF LOUISIANA
 EAST JEFFERSON LEVEE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 AS OF JUNE 30, 2004

Category 1 - Insured or registered in the entity's name, or securities held by the entity or its agent in the entity's name. (separate disclosure no longer required)

Category 2 - Uninsured and unregistered with securities held by the counterparty's trust department or agent in the entity's name. (separate disclosure no longer required)

Category 3 - Unsecured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the entity's name. (separate disclosure still required)

NOTE: GASB Statement 40 requires investments to be listed by type, and whether any of those are category 3 investments. If so, those category 3 investments are reported in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name.

| Type of Investment | Amount Reported in Risk | | Total Reported Amount - All Categories (Including Category 3) | Total Fair Value - All Categories (Including Category 3) |
|----------------------------|-------------------------|---|---|--|
| | Held by Counterparty | Held by Counterparty's Trust Dept. or Agent <u>Not in</u> Entity's Name | | |
| Repurchase agreements | | | | |
| U.S. Government securities | | | | |
| Common & preferred stock | | | | |
| Commercial paper | | | | |
| Corporate bonds | | | | |
| Other: (identify) | | | | |
| Certificates of Deposits | | | \$6,980,160 | \$6,980,160 |
| Money Market Fund | | | | |
| Total investments | -- | -- | \$6,980,160 | \$6,980,160 |

The institution does not invest in **derivatives** as part of its investment policy. Accordingly, the exposure to risks from these investments is as follows:

credit risk _____
 market risk _____
 legal risk _____

**STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2004**

3. Other Disclosures Required for Investments

- a. Investments in pools managed by other governments or mutual funds _____

- b. Securities underlying reverse repurchase agreements _____

- c. Unrealized investment losses _____

- d. Commitments as of _____ (fiscal close), to resell securities under yield maintenance repurchase agreements:
1. Carrying amount and market value at June 30 of securities to be resold _____
 2. Description of the terms of the agreement _____

- e. Losses during the year due to default by counterparties to deposit or investment transactions _____

- f. Amounts recovered from prior-period losses which are not shown separately on the balance sheet _____

Legal or Contractual Provisions for Reverse Repurchase Agreements

- g. Source of legal or contractual authorization for use of reverse repurchase agreements _____

- h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year _____

Reverse Repurchase Agreements as of Year-End

- i. Credit risk related to the reverse repurchase agreements outstanding at year end, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest _____

- j. Commitments on _____ (fiscal close), to repurchase securities under yield maintenance agreements _____

- k. Market value on _____ (fiscal close), of the securities to be repurchased _____

- l. Description of the terms of the agreements to repurchase _____

- m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements _____

- n. Amounts recovered from prior-period losses which are not separately shown on the operating statement _____

Fair Value Disclosures

- o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices _____

- p. Basis for determining which investments, if any, are reported at amortized cost _____

- q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool _____

- r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares _____

- s. Any involuntary participation in an external investment pool _____

- t. Whether you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining that fair value and the reasons for having had to make such an estimate _____

- u. Any income from investments associated with one fund that is assigned to another fund _____

Credit Risk, Concentration of Credit Risk, Interest Rate Risk, and Foreign Currency Risk Disclosures

- v. Briefly describe the deposit and /or investment policies related to the custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact.

- w. List, by amount and issuer (not including U.S. government securities, mutual funds, and investment pools), investments in any one issuer that represents 5% or more of total investments _____

- x. List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (eg. coupon multipliers, reset dates, etc.)

- y. Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. All debt investments regardless of type can be aggregated by credit quality rating (if any are unrated, disclose that amount).

- z. Disclose the interest rate risk of debt investments by listing the investment type and the method that is used to identify and manage the interest rate risk of those investments (by, using one of the following 5 methods that is used to identify and manage interest rate risk: a) segmented time distribution, b) specific identification, c) weighted average maturity, d) duration, or e) simulation model.)

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2004

- aa. Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies). List by currency denomination and investment type, if applicable.

D. CAPITAL ASSETS — INCLUDING CAPITAL LEASES ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet 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.

| | Adjusted Balance July 1, 2003 | Additions | Retirements | Balance June 30, 2004 |
|--|-------------------------------------|--------------------|------------------|--------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$1,591,144 | | | \$1,591,144 |
| Non-depreciable land improvements | | | | |
| Capitalized collections | | | | |
| Construction in progress | | | | |
| Total capital assets, not being depreciated | 1,591,144 | NONE | NONE | 1,591,144 |
| Other capital assets: | | | | |
| Furniture, fixtures, and equipment | 2,189,378 | \$119,010 | (\$152,802) | 2,155,586 |
| Buildings and improvements | 1,551,963 | | | 1,551,963 |
| Infrastructure | 3,200,000 | | | 3,200,000 |
| Total capital assets, being depreciated | 6,941,341 | 119,010 | (152,802) | 6,907,549 |
| Less accumulated depreciation for: | | | | |
| Furniture, fixtures, and equipment | (1,650,952) | (208,529) | 152,802 | (1,706,679) |
| Buildings and improvements | (701,350) | (38,800) | | (740,150) |
| Infrastructure | (692,500) | (80,000) | | (772,500) |
| Total accumulated depreciation | (3,044,802) | (327,329) | 152,802 | (3,219,329) |
| Total capital assets being depreciated, net | \$3,896,539 | (\$208,319) | NONE | \$3,688,220 |
| Capital Assets Summary: | | | | |
| Capital assets not being depreciated | \$1,591,144 | | | \$1,591,144 |
| Other capital assets, at cost | 6,941,341 | \$119,010 | (\$152,802) | 6,907,549 |
| Total cost of capital assets | 8,532,485 | 119,010 | (152,802) | 8,408,693 |
| Less accumulated depreciation | (3,044,802) | (327,329) | 152,802 | (3,219,329) |
| Capital assets, net | \$5,487,683 | (\$208,319) | NONE | \$5,279,364 |

* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
Notes to the Financial Statements
As of and for the year ended June 30, 2004

E. INVENTORIES N/A

The unit's inventories are valued at _____ (method of valuation). These are perpetual inventories and are expensed when used. **NOTE: DO NOT INCLUDE POSTAGE. THIS IS SHOWN AS A PREPAYMENT.**

F. RESTRICTED ASSETS N/A

Restricted assets in the East Jefferson Levee District at June 30, 2004 (fiscal year end), reflected at \$ _____ in the non-current assets section on Statement A, consist of \$ _____ in cash with fiscal agent, \$ _____ in receivables, and \$ _____ investment in _____ (identify the type investments held.) State the purpose of the restrictions: _____.

G. LEAVE N/A

1. COMPENSATED ABSENCES

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

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 is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources that is recorded as a non-current liability at June 30, 2004 is \$161,226.

2. COMPENSATORY LEAVE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2004 (fiscal close) computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$ _____. The leave payable is recorded in the accompanying financial statements.

H. RETIREMENT SYSTEM

Substantially all of the employees of the East Jefferson Levee District are members of the Louisiana 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.

**STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
Notes to the Financial Statements
As of and for the year ended June 30, 2004**

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.

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 year ended June 30, 2004, increased to 15.8% of annual covered payroll from the 14.1% and 13% required in fiscal years ended June 30, 2003 and 2002, respectively. The District contributions to the System for the years ending June 30, 2004, 2003, and 2002, were \$265,663, \$219,637, and \$197,354, 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.

The East Jefferson Levee District provides certain continuing health care and life insurance benefits for its retired employees. Substantially all District employees become eligible for those benefits if they reach normal retirement age while working for the 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 District. The District recognizes the cost of providing these benefits (District's portion of premiums) as an expenditure when paid during the year, which was \$446,641 for the year ended June 30, 2004. The cost of providing those benefits for 8 retirees is not separable from the cost of providing benefits for the 67 active employees.

**STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
Notes to the Financial Statements
As of and for the year ended June 30, 2004**

J. LEASES N/A

1. OPERATING LEASES

The total payments for operating leases during fiscal year _____ amounted to \$ _____. A schedule of payments for operating leases follows:

| <u>Nature of lease</u> | <u>FY2005</u> | <u>FY2006</u> | <u>FY2007</u> | <u>FY2008</u> | <u>FY2009</u> | <u>FY2010-2014</u> | <u>FY2015-2019</u> |
|------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Total | \$ _____ - | \$ _____ - |

2. CAPITAL LEASES

Capital leases are (are not) recognized in the accompanying financial statements. The amounts to be accrued for capital leases and the disclosures required for capital and operating leases by National Council on Governmental Accounting (NCGA) Statement No. 5, as adopted by the Governmental Accounting Standards Board, and FASB 13 should be reported on the following schedules:

Capital leases are defined as an arrangement in which any one of the following conditions apply: (1) ownership transfers by the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life or, (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

SCHEDULE A – TOTAL AGENCY CAPITAL LEASES EXCEPT LEAF

| <u>Nature of lease</u> | <u>Gross Amount of Leased Asset (Historical Costs)</u> | <u>Remaining interest to end of lease</u> | <u>Remaining principal to end of lease</u> |
|------------------------|--|---|--|
| a. Office space | \$ _____ | \$ _____ | \$ _____ |
| b. Equipment | _____ | _____ | _____ |
| c. Land | _____ | _____ | _____ |
| Total | \$ _____ - | \$ _____ - | \$ _____ - |

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

**STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
Notes to the Financial Statements
As of and for the year ended June 30, 2004**

| Year ending June 30 : | <u>Total</u> |
|---|--------------|
| 2005 | \$ _____ |
| 2006 | _____ |
| 2007 | _____ |
| 2008 | _____ |
| 2009 | _____ |
| 2010-2014 | _____ |
| 2015-2019 | _____ |
| 2020-2024 | _____ |
| Total minimum lease payments | _____ - |
| Less amounts representing executory costs | _____ |
| Net minimum lease payments | _____ - |
| Less amounts representing interest | _____ |
| Present value of net minimum lease payments | \$ _____ - |

SCHEDULE B – NEW AGENCY CAPITAL LEASES EXCEPT LEAF

| <u>Nature of lease</u> | <u>Gross Amount of Leased Asset (Historical Costs)</u> | <u>Remaining interest to end of lease</u> | <u>Remaining principal to end of lease</u> |
|------------------------|--|---|--|
| a. Office space | \$ _____ | \$ _____ | \$ _____ |
| b. Equipment | _____ | _____ | _____ |
| c. Land | _____ | _____ | _____ |
| Total | \$ _____ - | \$ _____ - | \$ _____ - |

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

| Year ending June 30: | <u>Total</u> |
|---|--------------|
| 2005 | \$ _____ |
| 2006 | _____ |
| 2007 | _____ |
| 2008 | _____ |
| 2009 | _____ |
| 2010-2014 | _____ |
| 2015-2019 | _____ |
| 2020-2024 | _____ |
| Total minimum lease payments | _____ - |
| Less amounts representing executory costs | _____ |
| Net minimum lease payments | _____ - |
| Less amounts representing interest | _____ |
| Present value of net minimum lease payments | \$ _____ - |

SCHEDULE C – LEAF CAPITAL LEASES

| <u>Nature of lease</u> | <u>Gross Amount of Leased Asset (Historical Costs)</u> | <u>Remaining interest to end of lease</u> | <u>Remaining principal to end of lease</u> |
|------------------------|--|---|--|
| a. Office space | \$ _____ | \$ _____ | \$ _____ |
| b. Equipment | _____ | _____ | _____ |
| c. Land | _____ | _____ | _____ |
| Total | \$ _____ - | \$ _____ - | \$ _____ - |

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

| <u>Year ending June 30:</u> | <u>Total</u> |
|---|--------------|
| 2005 | \$ _____ |
| 2006 | _____ |
| 2007 | _____ |
| 2008 | _____ |
| 2009 | _____ |
| 2010-2014 | _____ |
| 2015-2019 | _____ |
| 2020-2024 | _____ |
| Total minimum lease payments | _____ - |
| Less amounts representing executory costs | _____ |
| Net minimum lease payments | _____ - |
| Less amounts representing interest | _____ |
| Present value of net minimum lease payments | \$ _____ - |

3. LESSOR DIRECT FINANCING LEASES N/A

A lease is classified as a direct financing lease (1) when any one of the four capitalization criteria used to define a capital lease for the lessee is met and (2) when both the following criteria are satisfied:

- Collectibility of the minimum lease payments is reasonably predictable.
- No important uncertainties surround the amount of the unreimbursable costs yet to be incurred by the lessor under the lease.

**STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
Notes to the Financial Statements
As of and for the year ended June 30, 2004**

Provide a general description of the direct financing agreement, and complete the chart below:

| <u>Composition of lease</u> | <u>Date of lease</u> | <u>Minimum lease payment receivable</u> | <u>Remaining interest to end of lease</u> | <u>Remaining principal to end of lease</u> |
|--|----------------------|---|---|--|
| a. Office space | _____ | \$ _____ | \$ _____ | \$ _____ |
| b. Equipment | _____ | _____ | _____ | _____ |
| c. Land | _____ | _____ | _____ | _____ |
| Less amounts representing executory costs | | | | |
| Minimum lease payment receivable | | _____ | - | |
| Less allowance for doubtful accounts | | | | |
| Net minimum lease payments receivable | | _____ | - | |
| Less estimated residual value of leased property | | | | |
| Less unearned income | | | | |
| Net investment in direct financing lease | | \$ _____ | - | |

Minimum lease payments do not include contingent rentals which may be received as stipulated in the lease contracts. Contingent rental payments occur if, for example, the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2004 were \$ _____ for office space, \$ _____ for equipment, and \$ _____ for land.

The following is a schedule by year of minimum leases receivable for the remaining fiscal years of the lease as of _____ (the last day of your fiscal year):

| Year ending _____: | |
|--------------------|----------|
| 2005 | \$ _____ |
| 2006 | _____ |
| 2007 | _____ |
| 2008 | _____ |
| 2009 | _____ |
| 2010-2014 | _____ |
| 2015-2019 | _____ |
| 2020-2024 | _____ |
| Total | \$ _____ |

4. LESSOR – OPERATING LEASE N/A

When a lease agreement does not satisfy at least one of the four criteria (common to both lessee and lessor accounting), and both of the criteria for a lessor (collectibility and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.

Provide the cost and carrying amount, if different, of property on lease or held for lease organized by major class of property and the amount of accumulated depreciation as of _____ 20__:

| | <u>Cost</u> | <u>Accumulated depreciation</u> | <u>Carrying amount</u> |
|-----------------|-------------|---------------------------------|------------------------|
| a. Office space | \$ _____ | \$ _____ | \$ _____ |
| b. Equipment | _____ | _____ | _____ |
| c. Land | _____ | _____ | _____ |
| Total | \$ _____ | _____ | _____ |

**STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
Notes to the Financial Statements
As of and for the year ended June 30, 2004**

The following is a schedule by years of minimum future rentals on non-cancelable operating lease(s) as of _____ (the last day of your fiscal year):

| Year Ended June 30, | Office Space | Equipment | Land | Other | Total |
|------------------------|--------------|-----------|------|-------|-------|
| 2005 | \$ | \$ | \$ | \$ | \$ |
| 2006 | | | | | - |
| 2007 | | | | | - |
| 2008 | | | | | - |
| 2009 | | | | | - |
| 2010-2014 | | | | | - |
| 2015-2019 | | | | | - |
| Total | \$ - | \$ - | \$ - | \$ - | \$ - |

Current year lease revenues received in fiscal year _____ totaled \$ _____.

Contingent rentals received from operating leases received for your fiscal year was \$ _____ for office space, \$ _____ for equipment, and \$ _____ for land.

K. LONG-TERM LIABILITIES

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

| | Year ended June 30, 2004 | | | Balance June 30, 2004 | Amounts due within one year |
|--|-----------------------------|-----------|------------|-----------------------------|-----------------------------------|
| | Balance June 30, 2003 | Additions | Reductions | | |
| Bonds and notes payable: | | | | | |
| Notes payable | \$ | \$ | \$ | \$ | -- |
| Reimbursement contracts payable | | | | | -- |
| Bonds payable | | | | | -- |
| Total notes and bonds | -- | -- | -- | -- | -- |
| Other liabilities: | | | | | |
| Contracts payable | | | | | -- |
| Compensated absences payable | 171,955 | 122,325 | 133,054 | 161,226 | -- |
| Capital lease obligations | | | | | -- |
| Liabilities payable from restricted assets | | | | | -- |
| Claims and litigation | | | | | -- |
| Other long-term liabilities | | | | | -- |
| Total other liabilities | 171,955 | 122,325 | 133,054 | 161,226 | -- |
| Total long-term liabilities | 171,955 | 122,325 | 133,054 | 161,226 | -- |

A detailed summary, by issues, of all debt outstanding at June 30, 2004, including outstanding interest of \$ N/A is shown on schedule 4. Schedule 5 is an amortization schedule of the outstanding debt. (Send OSRAP a copy of the amortization schedule for any new debt issued.)

**STATE OF LOUISIANA
 EAST JEFFERSON LEVEE DISTRICT
 Notes to the Financial Statements
 As of and for the year ended June 30, 2004**

L. LITIGATION

The East Jefferson Levee District's legal advisor estimates that potential claims not covered by insurance would not materially affect the financial statements or is unable to estimate the effect on the financial statement.

M. RELATED PARTY TRANSACTIONS N/A

(FASB 57 requires disclosure of the description of the relationship, the transaction(s), the dollar amount of the transaction(s) and any amounts due to or from which result from related party transactions. List all related party transactions). _____

N. ACCOUNTING CHANGES N/A

Accounting changes made during the year involved a change in accounting _____ (principle, estimate, error or entity). The effect of the change is being shown in _____.

O. IN-KIND CONTRIBUTIONS N/A

(List all in-kind contributions that are not included in the accompanying financial statements.)

| <u>In-Kind Contributions</u> | <u>Cost/Estimated Cost/Fair Market Value/As Determined by the Grantor</u> |
|------------------------------|---|
| _____ | \$ _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| Total | \$ _____ - |

P. DEFEASED ISSUES N/A

In _____, 20____, the _____ (BTA), issued \$ _____ of taxable bonds. The purpose of the issue was to provide monies to advance refund portions of _____ bonds. In order to refund the bonds, portions of the proceeds of the new issue \$ _____, plus an additional \$ _____ of sinking fund monies together with certain other funds and/or securities, were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated _____, _____ between the (BTA) and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due. The refunding resulted in reducing the total debt service payments by almost \$ _____ and gave the (BTA) an economic gain (difference between the present values of the debt service payments on the old and new debt)of \$ _____.

Q. COOPERATIVE ENDEAVORS N/A

LRS 33:9022 defines cooperative endeavors as any form of economic development assistance between and among the state of Louisiana, its local governmental subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The state of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the state.

Some cooperative endeavor contracts are not coded with a document type of "COP" on the Contract Financial Management Subsystem (CFMS), but are considered cooperative endeavors. Include these below with your cooperative endeavor contracts coded with a document type of "COP". Examples of contracts that are considered cooperative endeavors, but are not coded with a document type of "COP" include contracts that fall under delegated authority, Facility Planning and Control "CEA" contracts, certain federal government contracts, contracts that legislative auditors may have designated as such within your agency, work incumbent programs, etc. In prior years, this information was requested as supplemental documentation after the AFRs were submitted, usually in October or November.

The liability outstanding as of June 30, 2004, by funding source, is as follows:

| <u>Funding Source</u> | \$ | <u>Balance June 30, 2004</u> |
|-------------------------------|----|----------------------------------|
| State General Fund | | _____ |
| Self-generated revenue | | _____ |
| Statutorily dedicated revenue | | _____ |
| General obligation bonds | | _____ |
| Federal funds | | _____ |
| Interagency transfers | | _____ |
| Other funds/comboination | | _____ |

NOTE: Amounts in excess of contract limits **cannot** be used to reduce the outstanding contract balance at June 30, 2004. For example, if a contract specifies a percentage of usage for each month (25%) and usage exceeds that percentage (75%), you cannot claim actual usage that exceeds contract requirements (50%).

NOTE: In order to compute your ending balances by funding source, you should begin with your balances at June 30, 2003. These amounts will be increased by amounts for new contracts and amendments and decreased for payments as well as for liquidations.

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) N/A

The following government-mandated nonexchange transactions (grants) were received during fiscal year 2003-2004:

| <u>CFDA Number</u> | <u>Program Name</u> | <u>State Match Percentage</u> | <u>Total Amount of Grant</u> |
|---|---------------------|-----------------------------------|----------------------------------|
| _____ | _____ | _____ | \$ _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| Total government-mandated nonexchange transactions (grants) | | | \$ _____ - |

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS N/A

At June 30, 20__, the _____ (BTA) was not in compliance with the provisions of _____ Bond Reserve Covenant that requires _____ to correct this deficiency. The _____ (BTA) did _____

T. SHORT-TERM DEBT N/A

The _____ (BTA) issues short-term notes for the following purpose(s) _____

Short-term debt activity for the year ended June 30, 20__, was as follows:

| <u>List the type of S-T debt (e.g., tax anticipation notes)</u> | <u>Beginning Balance</u> | <u>Issued</u> | <u>Redeemed</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------|-----------------|---------------------------|
| _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ - |

The _____ (BTA) uses a revolving line of credit for the following to finance _____ (list purpose for the S-T debt).

Short-term debt activity for the year ended June 30, 20__, was as follows:

| <u>Line of credit</u> | <u>Beginning Balance</u> | <u>Draws</u> | <u>Redeemed</u> | <u>Ending Balance</u> |
|-----------------------|------------------------------|--------------|-----------------|---------------------------|
| _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ - |

STATE OF LOUISIANA
 EAST JEFFERSON LEVEE DISTRICT
 Notes to the Financial Statements
 As of and for the year ended June 30, 2004

U. DISAGGREGATION OF RECEIVABLE BALANCES N/A

Receivables at June 30, 20__, were as follows:

| Activity | Customer Receivables | Taxes | Receivables from other Governments | Other Receivables | Total Receivables |
|---|-------------------------|----------|--|----------------------|----------------------|
| | \$ _____ | \$ _____ | \$ _____ | \$ _____ | - |
| | | | | | - |
| Gross receivables | \$ - | - | - | - | - |
| Less allowance for uncollectible accounts | - | - | - | - | - |
| Receivables, net | \$ - | - | - | - | - |
| Amounts not scheduled for collection during the subsequent year | \$ _____ | \$ _____ | \$ _____ | \$ _____ | - |

V. DISAGGREGATION OF PAYABLE BALANCES N/A

Payables at June 30, 20__, were as follows:

| Activity | Vendors | Salaries and Benefits | Accrued Interest | Other Payables | Total Payables |
|----------------|----------|-----------------------------|---------------------|-------------------|-------------------|
| | \$ _____ | \$ _____ | \$ _____ | \$ _____ | - |
| | | | | | - |
| Total payables | \$ - | - | - | - | - |

W. SUBSEQUENT EVENTS N/A

[Disclose any material event(s) affecting the (BTA) occurring between the close of the fiscal period and issuance of the financial statement.] _____

X. SEGMENT INFORMATION N/A

Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. For purposes of this disclosure, a segment is an identifiable activity (or group of activities), reported as or within an enterprise fund or an other stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. This requirement for separate accounting applies if imposed by an external party, such as accounting and reporting requirements set forth in bond indentures. Disclosure requirements for each segment should be met by identifying the types of goods and services provided and by presenting condensed financial statements in the notes, including the elements in A through C below (GASB 34, paragraph 122, as modified by GASB 37, paragraph 17.)

Type of goods or services provided by the segment _____.

A. Condensed balance sheet:

- (1) Total assets – distinguishing between current assets, capital assets, and other assets. Amounts receivable from other funds or BTA's should be reported separately.
- (2) Total liabilities – distinguishing between current and long-term amounts. Amounts payable to other funds or BTA's should be reported separately.
- (3) Total net assets – distinguishing among restricted (separately reporting expendable and nonexpendable components); unrestricted; and amounts invested in capital assets, net of related debt.

Condensed Balance sheet:

| | <u>Segment #1</u> | <u>Segment #2</u> |
|---|-------------------|-------------------|
| Current assets | \$ _____ | \$ _____ |
| Due from other funds | _____ | _____ |
| Capital assets | _____ | _____ |
| Other assets | _____ | _____ |
| Current liabilities | _____ | _____ |
| Due to other funds | _____ | _____ |
| Long-term liabilities | _____ | _____ |
| Restricted net assets | _____ | _____ |
| Unrestricted net assets | _____ | _____ |
| Invested in capital assets, net of related debt | _____ | _____ |

B. Condensed statement of revenues, expenses, and changes in net assets:

- (1) Operating revenues (by major source).
- (2) Operating expenses. Depreciation (including any amortization) should be identified separately.
- (3) Operating income (loss).
- (4) Nonoperating revenues (expenses) – with separate reporting of major revenues and expenses.
- (5) Capital contributions and additions to permanent and term endowments.
- (6) Special and extraordinary items.
- (7) Transfers
- (8) Change in net assets.
- (9) Beginning net assets.
- (10) Ending net assets.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets:

**STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
Notes to the Financial Statements
As of and for the year ended June 30, 2004**

| | <u>Segment #1</u> | <u>Segment #2</u> |
|--|-------------------|-------------------|
| Operating revenues | \$ _____ | \$ _____ |
| Operating expenses | _____ | _____ |
| Depreciation and amortization | _____ | _____ |
| Operating income (loss) | _____ - | _____ - |
| Nonoperating revenues (expenses) | _____ | _____ |
| Capital contributions/additions to permanent and term endowments | _____ | _____ |
| Special and extraordinary items | _____ | _____ |
| Transfers in | _____ | _____ |
| Transfers out | _____ | _____ |
| Change in net assets | _____ - | _____ - |
| Beginning net assets | _____ | _____ |
| Ending net assets | _____ - | _____ - |

C. Condensed statement of cash flows:

- (1) Net cash provided (used) by:
 - (a) Operating activities
 - (b) Noncapital financing activities
 - (c) Capital and related financing activities
 - (d) Investing activities
- (2) Beginning cash and cash equivalent balances
- (3) Ending cash and cash equivalent balances

Condensed Statement of Cash Flows:

| | <u>Segment #1</u> | <u>Segment #2</u> |
|--|-------------------|-------------------|
| Net cash provided (used) by operating activities | \$ _____ | \$ _____ |
| Net cash provided (used) by noncapital financing activities | _____ | _____ |
| Net cash provided (used) by capital and related financing activities | _____ | _____ |
| Net cash provided (used) by investing activities | _____ | _____ |
| Beginning cash and cash equivalent balances | _____ | _____ |
| Ending cash and cash equivalent balances | _____ - | _____ - |

Y. DUE TO/DUE FROM AND TRANSFERS N/A

1. List by fund type the amounts **due from other funds** detailed by individual fund at your fiscal year end:

| <u>Type of Fund</u> | <u>Name of Fund</u> | <u>Amount</u> |
|-----------------------------------|---------------------|-----------------|
| _____ | _____ | \$ _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| Total due from other funds | | \$ _____ |

2. List by fund type the amounts **due to other funds** detailed by individual fund at fiscal year end:

| <u>Type of Fund</u> | <u>Name of Fund</u> | <u>Amount</u> |
|---------------------------------|---------------------|-----------------|
| _____ | _____ | \$ _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| Total due to other funds | | \$ _____ |

**STATE OF LOUISIANA
 EAST JEFFERSON LEVEE DISTRICT
 Notes to the Financial Statements
 As of and for the year ended June 30, 2004**

3. List by fund type all transfers from other funds for the fiscal year:

| <u>Type of Fund</u> | <u>Name of Fund</u> | <u>Amount</u> |
|---|---------------------|-----------------|
| _____ | _____ | \$ _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| Total transfers from other funds | | \$ _____ |

4. List by fund type all transfers to other funds for the fiscal year:

| <u>Type of Fund</u> | <u>Name of Fund</u> | <u>Amount</u> |
|---------------------------------------|---------------------|-----------------|
| _____ | _____ | \$ _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| Total transfers to other funds | | \$ _____ |

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS N/A

Liabilities payable from restricted assets in the _____ (BTA) at _____ (fiscal year end), reflected at \$ _____ in the current liabilities section on Statement A, consist of \$ _____ in accounts payable, \$ _____ in notes payable, and \$ _____ in _____.

Liabilities payable from restricted assets in the _____ (BTA) at _____ (fiscal year end), reflected at \$ _____ in the non-current liabilities section on Statement A, consist of \$ _____ in accounts payable, \$ _____ in notes payable, and \$ _____ in _____.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS N/A

The following adjustments were made to restate beginning net assets for June 30, 20__.

| <u>Ending net assets July 1, 2003, previously reported</u> | <u>Adjustments + or (-)</u> | <u>Beginning net assets, July 1, 2003, As restated</u> |
|--|---------------------------------|--|
| \$ _____ | _____ | \$ _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

Each adjustment must be explained in detail on a separate sheet.

(NOTE: Net Assets at July 1, 20__, previously reported, must correspond to Net Assets at June 30, 20__, per the information received from OSRAP.)

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
SCHEDULE OF STATE FUNDING
For the Year Ended June 30, 2004

| <u>Description of Funding</u> | <u>Amount</u> |
|---------------------------------|-------------------|
| 1. <u>State Revenue Sharing</u> | \$ <u>393,806</u> |
| 2. _____ | _____ |
| 3. _____ | _____ |
| 4. _____ | _____ |
| 5. _____ | _____ |
| 6. _____ | _____ |
| 7. _____ | _____ |
| 8. _____ | _____ |
| 9. _____ | _____ |
| 10. _____ | _____ |
| Total | \$ <u>393,806</u> |

STATE OF LOUISIANA
 EAST JEFFERSON LEVEE DISTRICT
 SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE
 JUNE, 30, 2004
 NOT APPLICABLE

| Issue | Date of Issue | Original Issue | Principal Outstanding 6/30/PY | Redeemed (Issued) | Principal Outstanding 6/30/CY | Interest Rates | Interest Outstanding 6/30/CY |
|-------|---------------|----------------------|-------------------------------|----------------------|-------------------------------|----------------|------------------------------|
| | | \$ _____ | \$ _____ | \$ _____ | \$ _____ | | \$ _____ |
| | | | | | | | |
| | | | | | | | |
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| | | | | | | | |
| | | | | | | | |
| Total | | \$ <u> </u> | \$ <u> </u> | \$ <u> </u> | \$ <u> </u> | | \$ <u> </u> |

*Send copies of new amortization schedules

STATE OF LOUISIANA
 EAST JEFFERSON LEVEE DISTRICT
 SCHEDULE OF BONDS PAYABLE
 JUNE 30, 2004
 NOT APPLICABLE

| Issue | Date of Issue | Original Issue | Principal Outstanding 6/30/PY | Redeemed (Issued) | Principal Outstanding 6/30/CY | Interest Rates | Interest Outstanding 6/30/CY |
|--------------|---------------|-----------------|-------------------------------|-------------------|-------------------------------|----------------|------------------------------|
| _____ | _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | _____ | \$ _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Total | | <u>\$ _____</u> | <u>\$ _____</u> | <u>\$ _____</u> | <u>\$ _____</u> | | <u>\$ _____</u> |

*Send copies of new amortization schedules

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION
For The Year Ended JUNE 30, 2004
NOT APPLICABLE

| Fiscal Year Ending: | Principal | Interest |
|------------------------|-------------|-------------|
| 2005 | \$ _____ | \$ _____ |
| 2006 | _____ | _____ |
| 2007 | _____ | _____ |
| 2008 | _____ | _____ |
| 2009 | _____ | _____ |
| 2010 | _____ | _____ |
| 2011 | _____ | _____ |
| 2012 | _____ | _____ |
| 2013 | _____ | _____ |
| 2014 | _____ | _____ |
| 2015 | _____ | _____ |
| 2016 | _____ | _____ |
| 2017 | _____ | _____ |
| 2018 | _____ | _____ |
| 2019 | _____ | _____ |
| 2020 | _____ | _____ |
| 2021 | _____ | _____ |
| 2022 | _____ | _____ |
| 2023 | _____ | _____ |
| 2024 | _____ | _____ |
| 2025 | _____ | _____ |
| 2026 | _____ | _____ |
| 2027 | _____ | _____ |
| 2028 | _____ | _____ |
| 2029 | _____ | _____ |
| Total | \$ _____ -- | \$ _____ -- |

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended June 30, 2004
NOT APPLICABLE

| Fiscal Year Ending: | <u>Payment</u> | <u>Interest</u> | <u>Principal</u> | <u>Balance</u> |
|------------------------|----------------|-----------------|------------------|----------------|
| 2005 | \$ _____ | \$ _____ | \$ _____ | \$ -- |
| 2006 | _____ | _____ | _____ | -- |
| 2007 | _____ | _____ | _____ | -- |
| 2008 | _____ | _____ | _____ | -- |
| 2009 | _____ | _____ | _____ | -- |
| 2010-2014 | _____ | _____ | _____ | -- |
| 2015-2019 | _____ | _____ | _____ | -- |
| 2020-2024 | _____ | _____ | _____ | -- |
| 2025-2029 | _____ | _____ | _____ | -- |
| Total | \$ -- | \$ -- | -- | -- |

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
SCHEDULE OF NOTES PAYABLE AMORTIZATION

NOT APPLICABLE

| <u>Fiscal Year</u> <u>Ending:</u> | <u>Principal</u> | <u>Interest</u> |
|--------------------------------------|------------------|-----------------|
| 2005 | \$ _____ | \$ _____ |
| 2006 | _____ | _____ |
| 2007 | _____ | _____ |
| 2008 | _____ | _____ |
| 2009 | _____ | _____ |
| 2010-2014 | _____ | _____ |
| 2015-2019 | _____ | _____ |
| 2020-2024 | _____ | _____ |
| 2025-2029 | _____ | _____ |
| Total | \$ _____ -- | \$ _____ -- |

STATE OF LOUISIANA
 EAST JEFFERSON LEVEE DISTRICT
 SCHEDULE OF BONDS PAYABLE AMORTIZATION
 For The Year Ended June 30, 2004
 NOT APPLICABLE

| Fiscal Year Ending: | <u>Principal</u> | <u>Interest</u> |
|------------------------|------------------|-----------------|
| 2005 | \$ _____ | \$ _____ |
| 2006 | _____ | _____ |
| 2007 | _____ | _____ |
| 2008 | _____ | _____ |
| 2009 | _____ | _____ |
| 2010 | _____ | _____ |
| 2011 | _____ | _____ |
| 2012 | _____ | _____ |
| 2013 | _____ | _____ |
| 2014 | _____ | _____ |
| 2015 | _____ | _____ |
| 2016 | _____ | _____ |
| 2017 | _____ | _____ |
| 2018 | _____ | _____ |
| 2019 | _____ | _____ |
| 2020 | _____ | _____ |
| 2021 | _____ | _____ |
| 2022 | _____ | _____ |
| 2023 | _____ | _____ |
| 2024 | _____ | _____ |
| 2025 | _____ | _____ |
| 2026 | _____ | _____ |
| 2027 | _____ | _____ |
| 2028 | _____ | _____ |
| 2029 | _____ | _____ |
| Total | \$ _____ -- | \$ _____ -- |

**STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
COMPARISON FIGURES**

To assist OSRAP in determining the reason for the change in financial position for the state and reason for the changes in the budget, please complete the schedule below. If the change is greater than 10%, explain the reason for the change.

| | <u>2004</u> | <u>2003</u> | <u>Difference</u> | <u>Percentage Change</u> |
|-------------------|--------------|-------------|-------------------|------------------------------|
| 1) Revenues | \$ 4,999,990 | \$5,824,727 | \$ (824,737) | 14% |
| Expenses | 5,172,450 | 6,077,018 | (904,568) | 15% |
| 2) Capital assets | 5,279,364 | 5,487,683 | (208,319) | 4% |
| Long-term debt | 161,226 | 171,955 | (10,729) | 6% |
| Net Assets | 13,301,607 | 13,474,067 | (172,406) | 1% |

Explanation for change: (1) decrease in grant revenue
(2) decrease in operating expenses

| | <u>2004 Original Budget</u> | <u>2004 Final Budget</u> | <u>Difference</u> | <u>Percentage Change</u> |
|------------------------|---------------------------------|------------------------------|-------------------|------------------------------|
| 3) Revenues | \$ 4,706,500 | \$4,666,500 | \$ (40,000) | 8% |
| Expenditures | 5,766,600 | 5,214,800 | (551,800) | 9% |
| Explanation of change: | _____ | | | |

| | <u>2004 Final Budget</u> | <u>2004 Actual</u> | <u>Difference</u> | <u>Percentage Change</u> |
|------------------------|------------------------------|------------------------|-------------------|------------------------------|
| 3) Revenues | \$ 4,666,500 | \$4,999,990 | \$ 333,490 | 7 % |
| Expenditures | 5,214,800 | 5,172,450 | 42,350 | 1% |
| Explanation of change: | _____ | | | |

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following pages contain a report on compliance with laws and regulations and on internal control as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.







STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

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August 27, 2004

Report on Compliance and on Internal Control Over
Financial Reporting Based on an Audit of the Financial Statements
Performed in Accordance With *Government Auditing Standards*

**BOARD OF COMMISSIONERS OF
THE EAST JEFFERSON LEVEE DISTRICT
STATE OF LOUISIANA**
Harahan, Louisiana

We have audited the basic financial statements of the East Jefferson 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 27, 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 East Jefferson 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 the following instance of noncompliance that is required to be reported under *Government Auditing Standards*.

Failure to Submit a Document Retention Schedule

The East Jefferson Levee District did not submit a written record retention schedule to the Secretary of State in accordance with state law. Louisiana Revised Statute 44:411 (A)(1) requires agency heads to submit schedules to the state archivist that state the length of time each state record or series of records should be retained for administrative, legal, or fiscal purposes after the records have been created or received by the agency. These conditions exist because district management was not aware of this requirement.

Failure to establish a written record retention schedule could result in the destruction or deterioration of critical records while failure to submit the schedule to the Secretary of State results in noncompliance with state law. In addition, the lack of a written retention schedule could result in the levee district keeping records beyond the legally required retention date, which would be an inefficient use of office or warehouse space.



Management should submit a written record retention schedule to the Secretary of State for approval as required by state law. Once the retention schedule is approved, it should be implemented immediately. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 1).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the East Jefferson 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. However, we noted a certain matter described below involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the East Jefferson Levee District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Incomplete Formal Disaster Recovery Plan

The East Jefferson Levee District has not formally implemented and tested a disaster recovery/contingency plan, including provisions for an offsite disaster recovery facility, to provide for the timely restoration of critical entity operations in the event that normal data processing facilities were unavailable for an extended period of time.

A formal comprehensive disaster recovery/contingency plan should exist that would allow for the continuation of critical entity operations should normal data processing facilities be unavailable for an extended time. Provisions of the plan should be tested periodically and updated when necessary to ensure a timely and orderly return to regular operations.

The levee district currently has an Emergency Operating Manual that does not address restoration of data processing. Failure to develop and test a comprehensive disaster recovery plan increases the risk that in the event of a disaster, there will be an untimely or excessive delay in processing critical data and that critical data may be lost.

East Jefferson Levee District should continue its efforts to commit adequate resources toward further developing the comprehensive disaster recovery/contingency plan that would allow for the timely resumption of critical entity operations following a disaster. Management should focus on locating a backup site that will allow the district to re-establish its critical operations within an acceptable time frame should a disaster occur. After establishing the plan, the levee district should test the plan periodically, and update it as necessary, to ensure that it continues to meet the levee district's needs. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, page 2).

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable conditions described previously are not material weaknesses.



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

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

FM:JR:PEP:ss

[EJLD04]





MANAGEMENT'S CORRECTIVE ACTION PLANS AND RESPONSES







KATHLEEN BABINEAUX BLANCO
GOVERNOR

The Board of Levee Commissioners
of the
East Jefferson Levee District

203 Plauche Court
Harahan, La.
70123

August 27, 2004

COMMISSIONERS

PATRICK BOSSETTA
PRESIDENT

CHARLES MILLER
VICE PRESIDENT

NICHOLAS BARONI
TREASURER

ALAN ALARIO
SECRETARY

ALLEN JAEGER
COMMISSIONER

FRAN CAMPBELL
EXECUTIVE DIRECTOR

Steve J. Theriot, CPA
Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

RE: Failure to Submit a Document Retention Schedule

Dear Mr. Theriot:

The East Jefferson Levee District will submit a written record retention schedule to the Secretary of State in accordance with the state law. Ms. Fran Campbell will consult with the Board Attorney, Mr. T. Robert Lacour, as well as the State Archivist and other Levee Districts to ensure compliance with the state law. We expect the schedule will be completed and implemented by November 1, 2004.

Sincerely,

Fran Campbell
Executive Director

FLC/sw

"AN EQUAL OPPORTUNITY EMPLOYER"

(504) 733-0087

FAX (504) 733-2255



KATHLEEN BABINEAUX BLANCO
GOVERNOR

The Board of Levee Commissioners
of the
East Jefferson Levee District

203 Plaque Court
Harahan, La.
70123

August 27, 2004

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EXECUTIVE DIRECTOR

Steve J. Theriot, CPA
Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

RE: Incomplete Formal Disaster Recovery Plan

Dear Mr. Theriot:

Ms. Fran Campbell will consult with the Board Attorney, Mr. T. Robert Lacour, as well as with other State Agencies and Parish Officials to implement and test a Disaster Recovery/Contingency Plan, including provisions for an offsite disaster recovery facility to ensure the restoration of critical entity data and operations. We expect the plan to be completed and implemented by December 31, 2004.

Sincerely,

Fran Campbell
Executive Director

FLC/sw

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(504) 733-0087

FAX (504) 733-2255