

**SOUTHEAST LOUISIANA FLOOD  
PROTECTION AUTHORITY – EAST**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2017**



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**Report**



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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Commissioners of  
Southeast Louisiana Flood Protection Authority – East and  
Non-Flood Protection Asset Management Board  
New Orleans, Louisiana

### **Report on the Combined Financial Statements**

We have audited the accompanying combined financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Southeast Louisiana Flood Protection Authority – East (the Authority), as of and for the year ended June 30, 2017, and the related notes to the combined financial statements, which collectively comprise the Authority's basic combined financial statements as listed in the table of contents.

### **Management's Responsibility for the Combined Financial Statements**

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these combined 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 combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the respective combined financial position of the governmental activities, the combined business-type activities, each major fund, and the aggregate remaining fund information of the Southeast Louisiana Flood Protection Authority – East as of June 30, 2017 and the respective changes in the combined financial position and, where applicable, the combined cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, combined budgetary comparison information on page 63, Schedule of Proportionate Share of Net Pension Liability for Louisiana State Employees' Retirement System on page 64, and Schedule of Contributions to Louisiana State Employees' Retirement System on page 65 are presented to supplement the basic combined financial statements. Such information, although not part of the basic combined financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic combined financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic combined financial statements, and other knowledge we obtained during our audit of the basic combined financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the combined financial statements that collectively comprise the Authority's basic combined financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head and the Annual Fiscal Report to the Office of the Governor, as required by the State of Louisiana, Division of Administration, Office of Statewide Reporting and Accounting Policy, are presented for purposes of additional analysis and are not a required part of the basic combined financial statements.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head and the Annual Fiscal Report to the Office of the Governor are the responsibility of management and were derived

from and relate directly to the underlying accounting and other records used to prepare the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic combined financial statements or to the basic combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation Benefits and Other Payments to Agency Head, and the Annual Fiscal Report to the Office of the Governor are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Report Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

December 22, 2017



**Required Supplementary  
Information**

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

The Management’s Discussion and Analysis of the Southeast Louisiana Flood Protection Authority – East (the Authority) presents a narrative overview and analysis of the Authority’s financial results for the year ended June 30, 2017. This document focuses on the current year’s activities, resulting changes, and currently known facts relating to the following five (5) organizations:

- The administrative arm of the Authority
- The Orleans Levee District (Flood Division)
- The East Jefferson Levee District
- The Lake Borgne Basin Levee District
- The Orleans Levee District (Non-Flood Division) - Non-Flood Protection Asset Management Authority

Management and control of the Authority’s administrative arm, the East Jefferson Levee District, the Orleans Levee District (Flood Division), and the Lake Borgne Basin Levee District rests with the Southeast Louisiana Protection Authority- East. The powers and duties of the Southeast Louisiana Flood Protection Authority – East Board of Commissioners are designated in LA R.S. 38:330.2.

The ownership management and control of the Orleans Levee District’s non-flood protection functions and activities are specified in LA R.S. 38:330.12. While the Orleans Levee District maintains ownership of the assets assigned to the Non Flood Division, the Southeast Louisiana Flood Protection Authority – East is prohibited from managing or operating them. Accordingly, they are managed and controlled by the Non-Flood Protection Asset Management Authority (NFPAMA). The powers and duties of the Non-Flood Protection Asset Management Authority are designated in LA R.S. 38:330.12 and LA R.S. 38:330.12.1.

### **Overview of the Combined Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Southeast Louisiana Flood Protection Authority - East's (the "Authority") basic financial statements. The Authority's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Government-wide Financial Statements**

The "government-wide financial statements" are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. The "Statement of Net Position" presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both of the government-wide financial statements distinguish function of the Authority that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Authority only has both governmental activities and business-type activities.

The governmental activities includes most of the Authority’s basic services such as infrastructure and public works, and general government. Property taxes and operating grants finance most of this activity. The vast majority of governmental activities are related to flood protection and are controlled and managed by the Southeast Louisiana Flood Protection Authority – East. governmental activities unrelated to flood control are controlled and managed by the Non-Flood Protection Asset Management Authority.

The business-type activities reflect operations that are financed and operated in a manner similar to private businesses where the entity charges a fee for services it provides. The Orleans Levee District’s marinas, airport, and business park are included here. All business-type activities are associated with the Orleans Levee District (Non-Flood Division) and are controlled and managed by the Non-Flood Protection Asset Management Authority.

The State of Louisiana (the primary government) issues financial statements that include the activity contained in these financial statements. The State's financial statements are issued by the Louisiana Division of Administration - Office of Statewide Reporting and Accounting Policy and are audited by the Louisiana Legislative Auditor. The Authority is a component unit of the State of Louisiana.

### **Fund Financial Statements**

A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Authority's funds are classified as “governmental funds” and “proprietary funds”. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The proprietary funds for which the Non-Flood Protection Asset Management Authority charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long and short-term financial information.

The Southeast Louisiana Flood Protection Authority – East and the Non-Flood Asset Management Authority maintain various funds that are grouped for management purposes into various fund types. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Statement of Revenues, Expenditures, and Changes In Fund Balances for the following funds: Authority General Fund, Orleans Levee District General Fund, East Jefferson Levee District General Fund, Orleans Levee District Special Levee Improvement Fund, Lake Borgne Basin Levee District General Fund, all of which are under the management and control of the Southeast Louisiana Flood Protection Authority – East; and the Orleans Levee District Real Estate Fund and Orleans Levee District General Improvement Fund, both of which are under the management and control of the Non-Flood Asset Management Authority. All of these funds are considered to be "major" funds.

The Southeast Louisiana Flood Protection Authority – East Board of Commissioners and the Non-Flood Protection Asset Management Authority Board adopt annual budgets for all of its General Funds and Improvement Funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with this budget

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Basic Combined Financial Statements**

The basic combined financial statements present information for the combined operations of the Authority and the three levee districts which it governs, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position, the Statement of Activities and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position presents the current and long-term portions of assets and liabilities separately, as well as deferred inflows and deferred outflows. The difference between assets, deferred outflows, liabilities, and deferred inflows is net position and may provide a useful indicator of whether the financial position of the Authority is improving or deteriorating.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

The Statement of Activities and Changes in Net Position presents information showing how the Authority’s net position changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows presents information showing how the Proprietary Funds’ 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 Codification 2200.

**Financial Highlights**

**Condensed Statement of Net Position**

The following table describes the net position of the Authority at the end of the current and prior fiscal years:

<b>(In Thousands)</b>	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>2017</b>	2016	<b>2017</b>	2016	<b>2017</b>	2016
Current assets	<b>\$ 159,521</b>	\$ 165,435	<b>\$ 6,848</b>	\$ 6,101	<b>\$ 166,369</b>	\$ 171,536
Capital assets	<b>159,585</b>	154,123	<b>94,451</b>	97,763	<b>254,036</b>	251,886
Total assets	<b>319,106</b>	319,558	<b>101,299</b>	103,864	<b>420,405</b>	423,422
Deferred outflows	<b>8,019</b>	4,324	<b>825</b>	299	<b>8,844</b>	4,623
Current liabilities	<b>6,995</b>	5,165	<b>164</b>	82	<b>7,159</b>	5,247
Noncurrent liabilities	<b>67,511</b>	77,066	<b>4,672</b>	3,131	<b>72,183</b>	80,197
Total liabilities	<b>74,507</b>	82,231	<b>4,836</b>	3,213	<b>79,342</b>	85,444
Deferred inflows	<b>712</b>	675	<b>670</b>	665	<b>1,382</b>	1,340
Net position						
Net Investment capital						
assets	<b>159,585</b>	154,123	<b>94,451</b>	97,763	<b>254,036</b>	251,886
Restricted	<b>2,075</b>	2,061	-	-	<b>2,075</b>	2,061
Unrestricted	<b>90,246</b>	84,792	<b>2,167</b>	2,522	<b>92,414</b>	87,314
Total net position	<b>\$ 251,906</b>	\$ 240,976	<b>\$ 96,618</b>	\$ 100,285	<b>\$ 348,525</b>	\$ 341,261

- The Authority’s total net position at the close of fiscal year 2017 was \$348.5 million compared with net position a year earlier of \$341.3 million, a 2.11% favorable change and \$7.2 million increase.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

- The Authority’s total net position for the governmental activities at the close of fiscal year 2017 was \$251.9 million compared with net position a year earlier of \$240.98 million, an increase of \$10.92 million or 4.53% year over year. Significant contributors to the increase in net position included a \$5.5 million increase in capital assets, more specifically construction in progress for OLD, and a \$10.6 million decrease in noncurrent liabilities, mainly attributable to the payment of the Go Zone Bonds. This consisted of a \$5 million decrease in accrued interest payable and an \$8.46 decrease in note payables.

**Condensed Statement of Activities and Changes in Net Position**

The following table describes the changes in net position of the Authority during the current and prior fiscal years:

<b>(In Thousands)</b>	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>2017</b>	2016	<b>2017</b>	2016	<b>2017</b>	2016
Program revenues	\$ 596	\$ 2,661	\$ 6,476	\$ 4,579	\$ 7,072	\$ 7,240
Program expenses	<b>(42,055)</b>	(35,994)	<b>(10,964)</b>	(9,375)	<b>(53,019)</b>	(45,369)
Program loss	<b>(41,460)</b>	(33,333)	<b>(4,488)</b>	(4,796)	<b>(45,948)</b>	(38,129)
General revenues	<b>58,389</b>	60,424	<b>822</b>	528	<b>59,171</b>	60,952
Transfers out	<b>(6,000)</b>	(1,704)	-	-	<b>(6,000)</b>	(1,704)
Change in net position	<b>\$ 10,930</b>	\$ 25,387	<b>\$ (3,667)</b>	\$ (4,268)	<b>\$ 7,264</b>	\$ 21,119

- Total program revenue decreased by \$168 thousand and total governmental program revenue decreased \$2.07 million. Total general revenues decreased by \$1.78 million and total governmental general revenues decreased by \$2.03 million mostly as a result of a settlement of a claim with British Petroleum in the prior year.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Capital Assets**

The following table lists the capital assets, net of depreciation, of the Authority at the end of the current and prior fiscal years:

<b>(In Thousands)</b>	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Land	\$ 14,892	\$ 14,892	\$ 22,055	\$ 22,055	\$ 36,947	\$ 36,947
Buildings and improvements	24,938	25,408	72,082	75,554	97,021	100,963
Moveable property	3,618	3,259	131	81	3,750	3,340
Infrastructure	84,704	88,883	52	71	84,756	88,954
Construction in Progress	31,432	21,681	131	-	31,563	21,681
<b>Total</b>	<b>\$ 159,584</b>	<b>\$ 154,123</b>	<b>\$ 94,451</b>	<b>\$ 97,761</b>	<b>\$ 254,036</b>	<b>\$ 251,885</b>

Governmental total fixed assets increased by \$5.4 million. Construction in progress for OLD increased by \$9.7 million mainly due to the work related to erosion control on Lake Pontchartrain.

Non- Flood Proprietary assets which are managed and controlled by the Non-Flood Asset Management Authority were being depreciated leading to the decrease in overall capital assets for the Non-Flood proprietary funds.

**Long-Term Obligations**

The following table lists long-term obligations and deferred inflows:

<b>(In Thousands)</b>	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Accrued compensated absences	\$ 1,060	\$ 1,006	\$ 124	\$ 98	\$ 1,184	\$ 1,104
Accrued interest payable	410	5,416	-	-	410	5,416
Notes payable	17,669	26,126	-	-	17,669	26,126
Post-employment benefit liability	11,671	12,137	798	797	12,469	12,934
Pension liability	36,684	32,381	3,772	2,236	40,456	34,617
<b>Total</b>	<b>\$ 67,495</b>	<b>\$ 77,066</b>	<b>\$ 4,694</b>	<b>\$ 3,131</b>	<b>\$ 72,188</b>	<b>\$ 80,197</b>

**Deferred Inflows**

Revenue	\$ 36	\$ 36	\$ 600	\$ 621	\$ 636	\$ 657
Pension	676	639	70	44	745	683
<b>Total</b>	<b>\$ 712</b>	<b>\$ 675</b>	<b>\$ 670</b>	<b>\$ 665</b>	<b>\$ 1,382</b>	<b>\$ 1,340</b>

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

- Governmental Long Term Obligations before Deferred Inflows decreased by \$9.57 million. The majority of the decrease is due to \$8.46 million decrease in notes payable, \$5 million decrease in accrued interest payable, and a \$4.3 million increase in pension liability.
- Business-Type Long Term Obligations before Deferred Inflows increased by \$1.56 million. The majority of the increase is due to a \$1.53 million increase in pension liability.
- The \$40 million pension liability represents a current recognition of future benefit obligations for which the Authority is responsible.

### Variations between Budgeted and Actual Results

#### Revenues

The LBBLD’s original budget was \$3,884,000 in revenues. Actual results yielded an increase of \$851,000 to the original budget due to the return of a legal settlement paid in prior years and the transfer of funds from the capital projects fund to fund pump repair costs. The OLD’s budget was \$21,128,316 for the General Fund and \$18,975,123 for the SLIP Fund with no changes in total anticipated revenue for the amended budgets. Actual results for the General Fund yielded a \$1,000,000 increase to the amended budget primarily because of an increase in ad valorem taxes. Actual results of the SLIP fund was an increase of \$595,841 primarily due to an increase in tax revenue. The EJLD’s budget was \$10,614,600. Actual results yielded amounts comparable to original budget with a change of 862,000 due to an increase in ad valorem taxes. The Authority’s original budget called for a total of \$2,225,450. NFPAMA’s original budget called for a total of \$1,475,000 in revenues, with the budget being amended to \$1,780,000 for an anticipated increase in tax revenues.

#### Expenditures

The LBBLD’s original budget was \$3,926,100 in expenditures, and the amended budget did not change the total amount of anticipated expenditures. The actual results yielded a \$225,000 positive variance to the amended budget mainly due to savings in fuel cost and outside engineering fees. The EJLD’s budget was \$12,913,935 and actual results yielded a favorable variance of \$9,243,000 from the budget mainly due to delays in major construction projects. The Authority’s original budget called for a total of \$2,225,450, and was not amended. The OLD’s budget was \$18,914,208 for the General Fund and \$27,424,323 for the Slip Fund. The budget for OLD was not revised. NFPAMA’s original budget called for a total of \$830,424 in expenses. The NFPAMA’s budget was not amended. Combined variances in the final budget amounts and actual results are shown in the combined statement of revenues, expenditures, and changes in fund balances – budget and actual – governmental funds on Schedule 1.

All original budgets were adopted on March 17, 2016. The amended budgets for OLD GF and SLIP Fund were adopted on June 16, 2016. The amended budget for LBBLD was adopted on May 18, 2017. The EJLD and the Authority did not amend their budgets.



## **SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017**

### **Economic Factors and Next Year’s Budgets, Rates, and Fees**

The Authority’s appointed officials considered the following factors and indicators when setting next year’s budget, rates, and fees:

- Changes in organization processes
- Necessary major maintenance and project expenditures
- Increased maintenance of completed U.S. Army Corps of Engineers projects
- Need for additional personnel and higher operating costs due to the additional responsibilities vested in the Authority

### **Contacting the Authority’s Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Authority’s finances and to show the Authority’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority at New Orleans Lakefront Airport, Terminal Building, Suite 225, 6001 Stars & Stripes Blvd., New Orleans, Louisiana 70126 or the Non-Flood Protection Asset Management Authority at 6514 Spanish Fort Blvd., New Orleans, LA 70124.



# Financial Statements

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
COMBINED STATEMENT OF NET POSITION  
STATEMENT A**

As of June 30,

2017

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 12,711,355	\$ -	\$ 12,711,355
Investments - LAMP	67,090,205	-	67,090,205
Investments	74,330,798	-	74,330,798
Receivables	1,204,707	276,062	1,480,769
Internal balances	(6,101,753)	6,101,753	-
Due from other governments	486,285	390,811	877,096
Inventory	319,181	-	319,181
Other assets	240,002	79,310	319,312
Restricted investments	9,240,161	-	9,240,161
<b>Total Current Assets</b>	<b>159,520,941</b>	<b>6,847,936</b>	<b>166,368,877</b>
<b>NONCURRENT ASSETS</b>			
Capital assets			
Land	14,892,002	22,054,735	36,946,737
Construction in progress	31,431,873	130,641	31,562,514
Other capital assets, net of depreciation	113,260,981	72,265,676	185,526,657
<b>Total Noncurrent Assets</b>	<b>159,584,856</b>	<b>94,451,052</b>	<b>254,035,908</b>
<b>Total Assets</b>	<b>319,105,797</b>	<b>101,298,988</b>	<b>420,404,785</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	8,019,346	824,500	8,843,846
<b>Total Deferred Outflows of Resources</b>	<b>8,019,346</b>	<b>824,500</b>	<b>8,843,846</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	1,561,718	132,978	1,694,696
Contracts payable	1,593,563	-	1,593,563
Accrued compensated absences	55,831	21,659	77,490
Judgement and claims payable due in less than one year	-	-	-
Due to other agencies	2,223,609	-	2,223,609
Note payable due in less than one year	1,560,538	-	1,560,538
Other liabilities	-	9,058	9,058
<b>Total Current Liabilities</b>	<b>6,995,259</b>	<b>163,695</b>	<b>7,158,954</b>
<b>NONCURRENT LIABILITIES</b>			
Accrued compensated absences	1,004,428	102,079	1,106,507
Accrued interest payable	410,478	-	410,478
Note payable due in more than one year	17,741,051	-	17,741,051
Post-employment benefit liability	11,671,144	798,330	12,469,474
Net pension liability	36,684,229	3,771,647	40,455,876
<b>Total Noncurrent Liabilities</b>	<b>67,511,330</b>	<b>4,672,056</b>	<b>72,183,386</b>
<b>Total Liabilities</b>	<b>74,506,589</b>	<b>4,835,751</b>	<b>79,342,340</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue	36,177	600,067	636,244
Pension deferrals	676,030	69,505	745,535
<b>Total Deferred Inflows of Resources</b>	<b>712,207</b>	<b>669,572</b>	<b>1,381,779</b>
<b>NET POSITION</b>			
Net investment in capital assets	159,584,856	94,451,052	254,035,908
Restricted for:			
Debt service	2,074,560	-	2,074,560
Unrestricted	90,246,931	2,167,113	92,414,044
<b>TOTAL NET POSITION</b>	<b>\$ 251,906,347</b>	<b>\$ 96,618,165</b>	<b>\$ 348,524,512</b>

*The accompanying notes are an integral part of these combined financial statements.*

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
COMBINED STATEMENT OF ACTIVITIES  
STATEMENT B**

For the year ended June 30,

2017

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>FUNCTIONS/PROGRAMS</b>							
<b>GOVERNMENTAL ACTIVITIES</b>							
Flood and drainage protection	\$ 41,156,772	\$ 290,097	\$ 165,974	\$ 139,471	\$ (40,561,230)	\$ -	\$ (40,561,230)
Interest	898,476	-	-	-	(898,476)	-	(898,476)
Total Governmental Activities	42,055,248	290,097	165,974	139,471	(41,459,706)	-	(41,459,706)
<b>BUSINESS-TYPE ACTIVITIES</b>							
Lakefront Airport	7,654,109	2,419,719	-	860,713	-	(4,373,677)	(4,373,677)
South Shore Harbor Marina	2,089,029	768,709	-	12,401	-	(1,307,919)	(1,307,919)
Orleans Marina	1,077,366	1,178,025	-	2,231	-	102,890	102,890
Non-major funds	143,757	1,233,314	-	885	-	1,090,442	1,090,442
Total Business-type Activities	10,964,261	5,599,767	-	876,230	-	(4,488,264)	(4,488,264)
<b>TOTAL</b>	<b>\$ 53,019,509</b>	<b>\$ 5,889,864</b>	<b>\$ 165,974</b>	<b>\$ 1,015,701</b>	<b>\$ (41,459,706)</b>	<b>\$ (4,488,264)</b>	<b>\$ (45,947,970)</b>
<b>GENERAL REVENUES AND TRANSFERS</b>							
General Revenues							
Taxes					\$ 52,252,875	\$ -	\$ 52,252,875
Unrestricted intergovernmental revenues					3,013,860	-	3,013,860
Unrestricted investment earnings					1,512,635	-	1,512,635
Miscellaneous income					1,458,959	821,657	2,280,616
Gain on sales					53,637	-	53,637
Litigation payments					97,877	-	97,877
Transfers					(6,000,000)	-	(6,000,000)
Total General Revenues, Special Items and Transfers					52,389,843	821,657	53,211,500
<b>CHANGE IN NET POSITION</b>					10,930,137	(3,666,607)	7,263,530
NET POSITION – Beginning of Year					240,976,210	100,284,772	341,260,982
<b>NET POSITION – End of Year</b>					<b>\$ 251,906,347</b>	<b>\$ 96,618,165</b>	<b>\$ 348,524,512</b>

*The accompanying notes are an integral part of these combined financial statements.*

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS  
STATEMENT C**

As of June 30,

2017

	Authority General Fund	OLD General Fund	EJLD General Fund	LBBLD General Fund	NFPAMA Real Estate Fund	NFPAMA General Improvement Fund	OLD SLIP Fund	LBBLD Capital Project Fund	Total Governmental Funds
<b>ASSETS</b>									
Cash and cash equivalents	\$ 320,338	\$ 1,069,748	\$ 5,284,553	\$ 5,177,998	\$ 858,718	\$ -	\$ -	\$ -	\$ 12,711,355
Investments - LAMP	5,471,928	22,252,947	17,020,261	-	5,046,955	-	17,298,114	-	67,090,205
Investments	-	11,321,717	19,962,700	-	-	-	43,046,381	-	74,330,798
Receivables	1,746	536,796	42,871	16,476	3,867	-	602,951	-	1,204,707
Due from other funds	452,858	7,030,788	-	-	15,970,632	303,227	590,184	-	24,347,689
Due from other governments	-	258,312	-	37,997	-	189,976	-	-	486,285
Inventory	-	319,181	-	-	-	-	-	-	319,181
Restricted investments	-	5,621,443	2,311,745	-	-	-	1,306,973	-	9,240,161
Other assets	66,389	114,543	54,820	-	4,251	-	-	-	240,003
<b>TOTAL ASSETS</b>	<b>\$ 6,313,259</b>	<b>\$ 48,525,475</b>	<b>\$ 44,676,950</b>	<b>\$ 5,232,471</b>	<b>\$ 21,884,423</b>	<b>\$ 493,203</b>	<b>\$ 62,844,603</b>	<b>\$ -</b>	<b>\$ 189,970,384</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>									
<b>LIABILITIES</b>									
Accounts payable	\$ 100,710	\$ 628,391	\$ 490,025	\$ 50,526	\$ 290,433	\$ -	\$ 1,633	\$ -	\$ 1,561,718
Contracts payable	-	-	-	-	-	-	1,593,563	-	1,593,563
Due to other funds	45,825	855,037	136,976	51,029	26,849,868	2,510,705	-	-	30,449,440
Due to other agencies	-	-	2,192,000	-	-	31,609	-	-	2,223,609
Total Liabilities	146,535	1,483,428	2,819,001	101,555	27,140,301	2,542,314	1,595,196	-	35,828,330
<b>DEFERRED INFLOWS OF RESOURCES –</b>									
Deferred revenue	-	294,487	-	-	-	-	-	-	294,487
<b>FUND BALANCES</b>									
Nonspendable									
Prepaid and other assets	66,389	114,543	54,820	-	4,251	-	-	-	240,003
Inventory	-	319,181	-	-	-	-	-	-	319,181
Restricted									
Debt service	-	767,587	-	-	-	-	1,306,973	-	2,074,560
Committed									
Employee Benefits	-	4,853,856	-	-	-	-	-	-	4,853,856
Capital assets	-	-	-	-	-	-	34,000,618	-	34,000,618
Assigned	-	-	-	-	-	-	29,271,752	-	29,271,752
Unassigned	6,100,335	40,692,393	41,803,129	5,130,916	(5,260,129)	(2,049,111)	(3,329,936)	-	83,087,597
Total Fund Balances (Deficit)	6,166,724	46,747,560	41,857,949	5,130,916	(5,255,878)	(2,049,111)	61,249,407	-	153,847,567
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 6,313,259</b>	<b>\$ 48,525,475</b>	<b>\$ 44,676,950</b>	<b>\$ 5,232,471</b>	<b>\$ 21,884,423</b>	<b>\$ 493,203</b>	<b>\$ 62,844,603</b>	<b>\$ -</b>	<b>\$ 189,970,384</b>

*The accompanying notes are an integral part of these combined financial statements.*

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
RECONCILIATION OF THE  
COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS TO THE COMBINED  
STATEMENT OF NET POSITION**

As of June 30, **2017**

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**TOTAL GOVERNMENTAL FUND BALANCES (Statement C)** **\$ 153,847,567**

Amounts reported for governmental activities in the Combined Statement of Net Position are different because:

Capital assets in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$111,645,414	159,584,856
Assets that are not due and receivable within 60 days of year-end and, therefore, and not reported in the funds	258,309
Contributions to the pension plan in the current fiscal year, changes in proportion and differences between employers contributions and proportion of shared contributions are deferred outflows of resources on the statement of net position	8,019,346
Pension related deferrals are deferred inflows of resources on the statement of net position	(676,030)
Liabilities that are not due and payable within 60 days of year-end and, therefore, and not reported in the funds	
Accrued compensated absences	(1,060,259)
Long-term note payable	(19,301,589)
Accrued interest payable	(410,480)
Judgments and claims payable	-
Post-employment benefit liability	(11,671,144)
Net pension liability	(36,684,229)

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**NET POSITION OF GOVERNMENTAL ACTIVITIES (Statement A)** **\$ 251,906,347**

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*The accompanying notes are an integral part of these combined financial statements.*

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
STATEMENT D**

For the year ended June 30,

2017

	Authority General Fund	OLD General Fund	EJLD General Fund	LBBLD General Fund	NFPAMA OLD Real Estate Fund	NFPAMA General Improvement Fund	OLD SLIP Fund	LBBLD Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>									
Taxes	\$ -	\$ 19,994,708	\$ 9,304,577	\$ 3,432,626	\$ -	\$ -	\$ 19,520,964	\$ -	\$ 52,252,875
Intergovernmental	-	1,089,886	451,963	163,000	-	-	-	-	1,704,849
Interest earnings	37,374	180,526	977,932	6,520	26,685	-	281,202	2,396	1,512,635
Royalties, leases, and permits	-	290,097	-	-	-	-	-	-	290,097
Operating Grants	-	-	1,972	154,267	-	139,471	9,735	-	305,445
Payments from subs	2,061,873	-	-	-	-	-	-	-	2,061,873
Other	-	412,070	121,093	345,819	69,674	-	43,994	-	992,650
<b>Total Revenues</b>	<b>2,099,247</b>	<b>21,967,287</b>	<b>10,857,537</b>	<b>4,102,232</b>	<b>96,359</b>	<b>139,471</b>	<b>19,855,895</b>	<b>2,396</b>	<b>59,120,424</b>
<b>EXPENDITURES</b>									
Flood and drain protection	2,019,519	14,596,352	11,273,544	3,551,216	1,088,695	215,886	1,387,943	-	34,133,155
Capital outlay	-	1,049,930	1,206,293	40,855	-	-	9,709,710	-	12,006,788
Debt service - principal	-	2,490,784	-	-	-	-	4,333,298	-	6,824,082
Debt service - interest	-	2,155,092	-	-	-	-	3,749,282	-	5,904,374
<b>Total Expenditures</b>	<b>2,019,519</b>	<b>20,292,158</b>	<b>12,479,837</b>	<b>3,592,071</b>	<b>1,088,695</b>	<b>215,886</b>	<b>19,180,233</b>	<b>-</b>	<b>58,868,399</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>79,728</b>	<b>1,675,129</b>	<b>(1,622,300)</b>	<b>510,161</b>	<b>(992,336)</b>	<b>(76,415)</b>	<b>675,662</b>	<b>2,396</b>	<b>252,025</b>
<b>OTHER FINANCING SOURCES (USES)</b>									
Gain on sale of capital assets	-	38,313	184,375	-	-	-	-	-	222,688
Transfers In	-	-	-	523,517	1,960,345	-	-	-	2,483,862
Transfers out	-	-	-	-	-	-	(1,960,345)	(523,517)	(2,483,862)
Nonoperating Transfers	-	-	-	-	-	-	(6,000,000)	-	(6,000,000)
BP settlement proceeds	-	-	-	-	-	-	-	-	-
Litigation payments, net	-	(2,123)	-	-	-	-	-	-	(2,123)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>36,190</b>	<b>184,375</b>	<b>523,517</b>	<b>1,960,345</b>	<b>-</b>	<b>(7,960,345)</b>	<b>(523,517)</b>	<b>(5,779,435)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>79,728</b>	<b>1,711,319</b>	<b>(1,437,925)</b>	<b>1,033,678</b>	<b>968,009</b>	<b>(76,415)</b>	<b>(7,284,683)</b>	<b>(521,121)</b>	<b>(5,527,410)</b>
FUND BALANCES – Beginning of Year	6,086,996	45,036,241	43,295,874	4,097,238	(6,223,887)	(1,972,696)	68,534,090	521,121	159,374,977
<b>FUND BALANCES – End of Year</b>	<b>\$ 6,166,724</b>	<b>\$ 46,747,560</b>	<b>\$ 41,857,949</b>	<b>\$ 5,130,916</b>	<b>\$ (5,255,878)</b>	<b>\$ (2,049,111)</b>	<b>\$ 61,249,407</b>	<b>\$ -</b>	<b>\$ 153,847,567</b>

*The accompanying notes are an integral part of these combined financial statements.*



**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
COMBINED STATEMENT OF NET POSITION – PROPRIETARY FUNDS  
STATEMENT F**

As of June 30,

2017

	Major Funds				Total Proprietary Funds
	South Shore Harbor Marina	Lakefront Airport	Orleans Marina	Lake Vista and New Basin Canal	
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
<b>CURRENT ASSETS</b>					
Receivables, net of allowance for uncollectables accounts	\$ 112,848	\$ 26,196	\$ 118,422	\$ 18,596	\$ 276,062
Due from other governments	-	387,979	-	2,832	390,811
Due from other funds	6,020,241	2,992,025	6,208,375	8,519,990	23,740,631
Other assets	-	78,610	700	-	79,310
<b>Total Current Assets</b>	<b>6,133,089</b>	<b>3,484,810</b>	<b>6,327,497</b>	<b>8,541,418</b>	<b>24,486,814</b>
<b>NONCURRENT ASSETS</b>					
Land	3,358,103	15,449,799	301,339	2,945,494	22,054,735
Construction in progress	-	130,641	-	-	130,641
Other capital assets, net of depreciation	12,227,394	58,745,424	1,220,675	72,183	72,265,676
<b>Total Noncurrent Assets</b>	<b>15,585,497</b>	<b>74,325,864</b>	<b>1,522,014</b>	<b>3,017,677</b>	<b>94,451,052</b>
<b>Total Assets</b>	<b>21,718,586</b>	<b>77,810,674</b>	<b>7,849,511</b>	<b>11,559,095</b>	<b>118,937,866</b>
<b>DEFERRED OUTFLOWS OF RESOURCES -</b>					
<b>Pension deferrals</b>	147,165	575,796	88,073	13,466	824,500
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	27,948	59,334	45,696	-	132,978
Due to other funds	4,047,995	13,563,555	24,273	3,055	17,638,878
Other liabilities	1,500	-	7,289	269	9,058
<b>Total Current Liabilities</b>	<b>4,077,443</b>	<b>13,622,889</b>	<b>77,258</b>	<b>3,324</b>	<b>17,780,914</b>
<b>NONCURRENT LIABILITIES</b>					
Post-employment benefit liability	127,522	512,714	158,094	-	798,330
Net pension liability	673,201	2,633,961	402,887	61,598	3,771,647
Accrued compensated absences	9,130	87,017	27,591	-	123,738
<b>Total Noncurrent Liabilities</b>	<b>809,853</b>	<b>3,233,692</b>	<b>588,572</b>	<b>61,598</b>	<b>4,693,715</b>
<b>Total Liabilities</b>	<b>4,887,296</b>	<b>16,856,581</b>	<b>665,830</b>	<b>64,922</b>	<b>22,474,629</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue	374,020	220,669	-	5,378	600,067
Pension deferrals	12,406	48,539	7,425	1,135	69,505
<b>Total Deferred Inflows of Resources</b>	<b>386,426</b>	<b>269,208</b>	<b>7,425</b>	<b>6,513</b>	<b>669,572</b>
<b>NET POSITION</b>					
Net investment in capital assets	15,585,497	74,325,864	1,522,014	3,017,677	94,451,052
Unrestricted	1,006,532	(13,065,183)	5,742,315	8,483,449	2,167,113
<b>TOTAL NET POSITION</b>	<b>\$ 16,592,029</b>	<b>\$ 61,260,681</b>	<b>\$ 7,264,329</b>	<b>\$ 11,501,126</b>	<b>\$ 96,618,165</b>

*The accompanying notes are an integral part of these combined financial statements.*

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
COMBINED STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION – PROPRIETARY FUNDS  
STATEMENT G**

For the year ended June 30,

2017

	Major Funds				Total Proprietary Funds
	South Shore Harbor Marina	Lakefront Airport	Orleans Marina	Lake Vista and New Basin Canal	
<b>OPERATING REVENUES</b>					
Charges for services					
Rentals	\$ 768,709	\$ 1,709,763	\$ 1,178,025	\$ 1,233,314	\$ 4,889,811
Fuel storage fees	-	709,956	-	-	709,956
	768,709	2,419,719	1,178,025	1,233,314	5,599,767
Miscellaneous	(141)	801,541	13,109	7,148	821,657
Total Operating Revenues	768,568	3,221,260	1,191,134	1,240,462	6,421,424
<b>OPERATING EXPENSES</b>					
Personnel services	485,108	1,957,013	231,375	(5,342)	2,668,154
Travel	-	3,043	-	-	3,043
Contractual services	266,000	1,888,662	640,370	98,204	2,893,236
Materials and supplies	6,259	80,313	41,989	9	128,570
Professional services	59,710	1,025,554	87,610	18,731	1,191,605
Other charges	25,006	337,294	616	-	362,916
Depreciation	1,246,946	2,172,651	75,406	32,155	3,527,158
Major maintenance	-	189,579	-	-	189,579
Total Operating Expenses	2,089,029	7,654,109	1,077,366	143,757	10,964,261
<b>NET OPERATING INCOME (LOSS)</b>	<b>(1,320,461)</b>	<b>(4,432,849)</b>	<b>113,768</b>	<b>1,096,705</b>	<b>(4,542,837)</b>
<b>NONOPERATING REVENUES</b>					
Grant income	12,401	860,713	2,231	885	876,230
Total Nonoperating Revenues	12,401	860,713	2,231	885	876,230
<b>CHANGES IN NET POSITION</b>	<b>(1,308,060)</b>	<b>(3,572,136)</b>	<b>115,999</b>	<b>1,097,590</b>	<b>(3,666,607)</b>
TOTAL NET POSITION - Beginning of Year	17,900,089	64,832,817	7,148,330	10,403,536	100,284,772
<b>TOTAL NET POSITION - End of Year</b>	<b>\$ 16,592,029</b>	<b>\$ 61,260,681</b>	<b>\$ 7,264,329</b>	<b>\$ 11,501,126</b>	<b>\$ 96,618,165</b>

*The accompanying notes are an integral part of these combined financial statements.*

# SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST COMBINED STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS STATEMENT H

For the year ended June 30,

2017

	Major Funds						
	South Shore		Lakefront Airport		Orleans Marina	Lake Vista and	Total Proprietary Funds
	Harbor Marina					New Basin Canal	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers	\$ 785,123		\$ 2,476,408		\$ 1,332,096	\$ 1,244,646	\$ 5,838,273
Other operating cash receipts	(141)		801,541		13,109	7,148	821,657
Payments to suppliers	(542,643)		(2,590,749)		(1,177,969)	(1,232,777)	(5,544,138)
Payments to employees	(288,895)		(1,140,225)		(176,756)	(25,856)	(1,631,732)
<b>Net Cash Used In Operating Activities</b>	<b>(46,556)</b>		<b>(453,025)</b>		<b>(9,520)</b>	<b>(6,839)</b>	<b>(515,940)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Proceeds from federal and state grants	46,556		668,601		2,231	6,837	724,225
Purchase of capital assets	-		(215,576)		7,289	2	(208,285)
<b>Net Cash Provided By Capital And Related Financing Activities</b>	<b>46,556</b>		<b>453,025</b>		<b>9,520</b>	<b>6,839</b>	<b>515,940</b>
<b>NET CHANGE IN CASH</b>	<b>-</b>		<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>
CASH – Beginning of Year	-		-		-	-	-
<b>CASH – End of Year</b>	<b>\$ -</b>		<b>\$ -</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH USED IN OPERATING ACTIVITIES</b>							
Operating income (loss)	\$ (1,320,461)		\$ (4,432,849)		\$ 113,768	\$ 1,096,705	\$ (4,542,837)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:							
Cash flows reported in other categories:							
Depreciation expense	1,246,946		2,172,651		75,406	32,155	3,527,158
Change in assets and liabilities:							
Receivables, net	16,414		56,689		154,071	11,332	238,506
Due from other funds	(243,254)		-		(459,449)	(1,117,366)	(1,820,069)
Prepaid expenses and other assets	-		(18,411)		-	-	(18,411)
Deferred outflows pensions	(95,528)		(381,533)		(47,500)	(1,340)	(525,901)
Accounts and other payables	2,413		48,361		27,794	-	78,568
Due to other funds	55,173		903,746		24,271	1,533	984,723
Post-employment benefit liability	414		745		497	-	1,656
Net pension liability	286,547		1,179,328		99,073	(29,202)	1,535,746
Other liabilities	-		-		-	-	-
Accrued compensated absences	-		(1,601)		1,116	-	(485)
Change in deferred inflow of resources	4,780		19,849		1,433	(656)	25,406
<b>Net Cash Used In Operating Activities</b>	<b>\$ (46,556)</b>		<b>\$ (453,025)</b>		<b>\$ (9,520)</b>	<b>\$ (6,839)</b>	<b>\$ (515,940)</b>

*The accompanying notes are an integral part of these combined financial statements.*

# SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST

## NOTES TO COMBINED FINANCIAL STATEMENTS

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### NOTE 1: DESCRIPTION OF THE REPORTING ENTITY

The Southeast Louisiana Flood Protection Authority – East (the “Authority”) was created as a political subdivision of the State of Louisiana by the Louisiana State Legislature under the provisions of LA RS 38:330.1. The Authority's primary purpose is regional coordination of flood protection of the following levee districts:

- East Jefferson Levee District
- Lake Borgne Basin Levee District
- Orleans Levee District

Effective on January 1, 2007 as a result of LA RS 38:291 (Paragraphs D, G and K), the Authority was created to combine the financial activity of the Orleans Levee District, the East Jefferson Levee District, and the Lake Borgne Basin Levee District (collectively, the “Levee Districts”) with that of the administration arm of the Authority. The Authority’s Board of Commissioners administers the operations and responsibilities of the flood protection related assets and activities of the Levee Districts in accordance with the provisions of Louisiana statutes.

LA R.S. 38:330.12 placed the non-flood related assets and activities of the Orleans Levee District under the management and control of the Non-Flood Asset Management Authority (“NFMA”). The statute also states that those assets will continue to be owned by the Orleans Levee District. The creation, powers, duties and functions of the NFMA are specified in LA R.S. 38:330.12.1.

- *The Orleans Levee District* (the “OLD”) was established by 1890 General Assembly of the State of Louisiana. The OLD has primary responsibility for the operation and maintenance of levees, embankments, seawalls, jetties, breakwaters, water basins, and other hurricane and flood protection improvements surrounding the City of New Orleans, including the southern shores of Lake Pontchartrain and along the Mississippi River. The District also has responsibility for operating and maintaining several complex marine structures impacting navigable waterways that are part of the flood protection system. The OLD is responsible for the maintenance of approximately 109 miles of levees and floodwalls and over 200 floodgates. Louisiana State Legislature authorized the OLD to dedicate, construct, operate, and maintain public parks, beaches, marinas, aviation fields, and other like facilities. The OLD owns a general aviation airport, the New Orleans Lakefront Airport, as well as the Orleans Marina, the South Shore Harbor Marina, and various other real estate properties. The Orleans Marina has 354 boat slips. The South Shore Harbor Marina, which was officially dedicated September 19, 1987, has a 43-acre calm water basin, 450 open boat slips, and 26 covered boat slips. The OLD has approximately 118 full-time employees, including 26 police officers.

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### NOTE 1: DESCRIPTION OF THE REPORTING ENTITY (CONTINUED)

- *The East Jefferson Levee District* (the “EJLD”) was created by Louisiana State Legislature on January 1, 1979 from the territory removed from the Pontchartrain Levee District. The EJLD includes all or portions of the following parishes: Jefferson Parish East of Mississippi River, South of Lake Pontchartrain, bordered by St. Charles Parish. The EJLD primarily provides flood protection for those areas contained in the District which is approximately 28 miles of levees and floodwalls and 12 floodgates, and has approximately 51 full-time employees, including 21 police officers.
- *The Lake Borgne Basin Levee District* (the “LBBLD”) was created by Louisiana State Legislature in 1892 and is comprised of all the territory contained within the parish of St. Bernard. The LBBLD primarily provides flood protection for those areas. The LBBLD is responsible for approximately 57 miles of levees and floodwalls, 32 floodgates, 8 pumping stations, and 56 miles of drainage canals. The LBBLD’s office is located in Violet, Louisiana, and employs approximately 20 full-time employees. The LBBLD's operations are funded primarily through ad valorem taxes, state revenue sharing and interest earnings.

The Authority is governed by a Board of Commissioners (the “Board”), consisting of nine members, of whom there shall be exactly one member from each parish within the territorial jurisdiction of the Authority. The members shall be appointed by the Governor of Louisiana from nominations submitted by the nominating committee as follows:

- Five members who shall either be an engineer or a professional in a related field such as geotechnical, hydrological, or environmental science. Of the five members, one member shall be a civil engineer.
- Two members who shall be a professional in a discipline other than that occurring in item 1, with at least ten years of professional experience in that discipline.
- Two members who shall be at-large.

Regular monthly meetings of the Board shall be convened on a rotating basis at a place determined by the Board in a levee district under the jurisdiction of the Authority, which is located in New Orleans, Louisiana.

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### NOTE 1: DESCRIPTION OF THE REPORTING ENTITY (CONTINUED)

Until December 31, 2006, the Levee Districts were governed by Boards of Commissioners appointed by the governor and local governing authorities. Effective January 1, 2007, the flood control activities of the Levee Districts were governed by the Authority, a newly constituted governing body and the Authority's Board of Commissioners, in accordance with changes in state law approved by the citizenry on September 30, 2006. Significant non-flood facilities and improvements owned by the Orleans Levee District are managed and controlled by the Non-Flood Protection Asset Management Authority Board (Non-Flood Division or NFPAMA).

The Non-Flood Project Asset Management Authority (NFPAMA) is governed by a Board of Commissioners (the Board), consisting of 17 members. The members shall be composed of the following members who shall be subject to Senate confirmation, provided that no elected official shall be appointed to serve as a member:

- One member appointed by the Southeast Louisiana Flood Protection Authority East.
- One member appointed by the state senator representing Senate District No. 3 and Senate District No. 4, and by the state representative representing House District No. 97, House District No. 94, House District No. 99, and by the Congressional Representative representing Congressional District No. 1 and Congressional District No. 2. At least one member appointed shall be a lawyer, at least one member shall be a certified public accountant and at least one member shall be a realtor.
- One member appointed by the mayor of the city of New Orleans.
- One member appointed by each New Orleans city council member in whose district a non-flood asset is located.
- Two members appointed jointly by the presidents of the Lakeshore, Lake Vista, Lake Terrace, and Lake Oaks property owners associations.
- One member appointed by the secretary of the Department of Transportation and Development.
- One member appointed by the Lake Pontchartrain Basin Foundation.
- One member appointed by the board for the New Orleans City Park.

Regular monthly meetings of the Board shall be convened at a place determined by the Board.

The combined financial Statements of the Authority include all of the Levee Districts subjected to the Authority's governance, as well as the aggregate results of the enterprise fund assets of the OLD and the results for the OLD Real Estate's general fund and the general improvement fund that are managed and controlled by NFPAMA.

# SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST

## NOTES TO COMBINED FINANCIAL STATEMENTS

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### NOTE 1: DESCRIPTION OF THE REPORTING ENTITY (CONTINUED)

The OLD Real Estate fund is organizationally a non-flood control fund and is the administrative fund for the Non-Flood Division which is governed by the NFPAMA; however, it has responsibility not only for the proprietary funds, but also roadways, and public recreation areas along Lake Pontchartrain, all government-type activities. The Real Estate administrative fund is reported with the governmental funds. The General Improvement fund is also managed by the NFPAMA.

The indebtedness of OLD is reported in the governmental activities.

#### NOTE 2: MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements (i.e., the combined statement of net position and the combined statement of activities) report information about the Authority as a whole. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely primarily on fees and charges for support.

The combined statement of activities demonstrates the degree to which the direct expenses of the given functions are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function (allocated to functions based on actual revenues and expenditures) and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not properly included among program revenues are reported instead as general revenues.

Net position is displayed in three components:

- Net Investment in capital assets – consists of capital assets, net of related debt.
- Restricted – when constraints placed on net position use is either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### NOTE 2: MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

##### *Basis of Accounting*

In April 1984, the Financial Accounting Foundation established the GASB to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The accompanying combined financial statements have been prepared in accordance with such principles. The accompanying combined financial statements present information only as to the transactions of the Authority as authorized by Louisiana statutes. Basis of accounting refers to when revenues and expenses are recognized and reported in the combined financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Authority are maintained in accordance with applicable statutory provisions and the regulations of the State of Louisiana, Division of Administration, Office of Statewide Reporting and Accounting Policy.

##### *Fund Financial Statements*

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. both measurable and available). Measurable means the amount of the transaction can be determined; and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Authority considers most revenues available if they are collected within 60 days after year end. For certain grants for which collectability is assured, but do not meet the availability criteria, the revenue is recorded as unearned revenue. Expenditures generally are recorded when a liability is incurred under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when paid.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### NOTE 2: MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

##### *Fund Balance*

In 2012, the Authority adopted the provisions of GASB Codification 1300 *Fund Accounting* and 1800 *Classification and Terminology*, which changed the reporting of fund balance in the balance sheets of governmental fund types. In fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy primarily on the extent to which the Authority is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

- *Nonspendable* – This component consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Authority to assess, levy, change or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.
- *Committed* – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Authority. Those committed amounts cannot be used for any other purpose unless the Authority removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.
- *Assigned* – This component consists of amounts that are constrained by the Authority's intent to be used for specific purposes, but are neither restricted nor committed. The authorization for assigning fund balance is expressed by the Authority or the designee as established in the Authority's Fund Balance Policy.
- *Unassigned* – This component consists of amounts that have not been restricted, committed or assigned to specific purposes within the general fund. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources in the following order: committed resources first, then assigned, and then unassigned as they are needed.

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### NOTE 2: MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

##### ***Net Position***

In 2013, the Authority adopted GASB Standards which provided financial reporting guidance for deferred outflows of resources, deferred inflows of resources, and net position. State and local governments enter into transactions that result in the consumption or acquisition of assets in one period that are applicable to future periods. GASB Statement No. 63 requires that deferred outflows of resources should be reported in a statement of net position in a separate section following assets and deferred inflows of resources should be reported in a separate section following liabilities. During 2013, the Authority adopted the statement and restated balances previously referred to as net assets to net position.

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. Net position should be displayed in three components – *net investment in capital assets* consisting of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets; *restricted* distinguishing between major categories of restrictions and consisting of restricted assets reduced by liabilities and deferred inflows of resources related to those assets; and *unrestricted* consisting of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

##### ***Major Funds***

The Authority General Fund (“Authority GF”) is used to account for all financial activity associated with the primary purpose for which the Authority was created.

The OLD General Fund is the primary operating fund of the OLD as relates to the flood protection purpose of the organization. The fund accounts for all financial resources related to flood control functions, except those required to be accounted for in other funds.

The EJLD General Fund is the primary operating fund of the EJLD as relates to the flood protection purpose of the organization.

The LBBLD General Fund is the primary operating fund of the LBBLD as relates to the flood protection purpose of the organization. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### NOTE 2: MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

The OLD Real Estate Fund is a companion fund to the OLD General Fund, used to provide management and administration of non-flood control operations, including the OLD's proprietary funds as well as parks, roadways, and bridges. This fund is controlled and managed by the NFPAMA.

The OLD Debt Service Fund is used to account for transactions relating to resources retained and used for the payment of general long-term debt principal, interest, and related costs.

The OLD Special Levee Improvement Project (SLIP) Fund is used to account for financial resources received and used for the acquisition, construction, or improvement of capital facilities as well as maintenance of the flood control system.

The OLD General Improvement Fund is used to account for financial resources received and used for the acquisition, construction, or improvement of non-flood protection related capital facilities. This fund is controlled and managed by the NFPAMA.

The South Shore Harbor Marina, Orleans Marina and Lakefront Airport are proprietary funds used for financial resources received and used for the acquisition, construction, or improvement of capital facilities. These funds are controlled and managed by the NFPAMA.

#### *Use of Estimates*

The preparation of combined financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### NOTE 2: MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

##### *Adoption of New Financial Accounting Standards*

In June 2015, the Governmental Accounting Standards Board (“GASB”) issued GASB Statement No. 77, *Tax Abatement Disclosures*. This pronouncement defines and provides disclosure for governments that have granted tax abatements. See Note P for more details.

##### *Future Pronouncements*

In June 2015, the GASB issued Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. The standard is effective for the year ended June 30, 2018 and the Authority is currently assessing its impact.

In March 2017, the GASB issued Statement No. 85 – Omnibus 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The standard is effective for the year ended June 30, 2018 and the Authority is currently assessing its impact, if any.

In June 2017, the GASB issued Statement No. 87 – Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The standard is effective for the year ending June 30, 2021 and the Authority is currently assessing its impact.

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### NOTE 2: MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

##### *Cash and Cash Equivalents*

For the purpose of the combined statement of cash flows, cash and cash equivalents include all demand accounts and certificates of deposit with an original maturity of three months or less.

Under state law, the Authority may deposit funds in demand deposits, interest bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. State statutes authorize the Authority to invest in United States bonds, treasury notes or certificates. These are classified as investments if the original maturities exceed 90 days. Investments are stated at fair value using published market rates.

Cash and cash equivalents are stated at cost, which approximates market value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of commercial paper held by the state treasurer. The Authority was fully covered by the Federal Deposit Insurance Corporation (“FDIC”) and pledged securities at June 30, 2017.

##### *Investments*

The Louisiana Asset Management Pool, (“LAMP”) is administered by LAMP, Inc., a non-profit Corporation, organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955. LAMP is rated AAA by Standard & Poor’s.

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### NOTE 2: MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

##### *Investments (Continued)*

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days. LAMP is designed to be highly liquid to give its participants immediate access to the account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the U.S. Securities and Exchange Commission (SEC) as an investment company. If you have any questions, please feel free to contact the LAMP administrative office at (800) 249-5267.

LAMP is stated at amortized cost due to liquidity.

The Authority also maintains investment accounts as authorized by LA RS 33:2955. Nearly all investments held by general purpose governments are required to be reported at fair value in their basic financial statements by GASB Codification 150 *Investment*.

##### *Receivables*

All receivables are shown net of allowance for doubtful accounts.

##### *Interfund Receivables or Payables*

The amounts are referred to as either due to or due from other funds, which result from a pooled cash management process. Interfund receivables or payables reflect a cumulative excess of costs (due from) or revenue (due to) generally between the general funds and all other funds. As a general rule, all interfund balances are eliminated in the government-wide financial statements.

##### *Inventory*

Supplies and fuel are charged to inventory and expensed when used.

# SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### NOTE 2: MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

#### *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure, such as bridges, seawalls, roads, and levees, are reported in the combined financial statements. In accordance with accounting principles generally accepted in the United States of America and the GASB Codification 2200, governments are required to identify infrastructure assets, including flood control systems. The Authority has recorded the costs of construction for projects identified in its bond documents and will continue to recognize its portion of the cost of infrastructure. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. The Authority and its related districts have implemented a \$5,000 minimum capitalization threshold. The Authority's capitalization threshold for infrastructure assets is \$2,000,000 to be consistent with the recommendation by the Office of Statewide Reporting and Accounting Policy.

The following are the major classes of capital assets and the related asset lives:

Buildings	20-40 years
Improvements other than buildings	3-40 years
Equipment	5-40 years
Infrastructure	25-40 years

#### *Compensated Absences*

Employees earn and accumulate annual and sick leave of various rates, depending on the years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or the employee's estate 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 Authority's policy to pay any accumulated compensatory leave at the employee's hourly rate of pay at the time of termination.

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### NOTE 2: MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

##### *Deferred Outflows and Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Authority has one item that meet this criterion – pension-related deferrals. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority has two items that meet the criteria for this category – deferred revenue and pension-related deferrals.

##### *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana State Employees' Retirement System and additions to/deductions from this retirement system's fiduciary net positions have been determined on the same basis as they are reported by the retirement system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### *Long-term Obligations*

In the government-wide combined financial statements, long-term obligations are recognized as liabilities in the applicable governmental activities combined statement of net position.

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### NOTE 2: MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

##### *Combined Balance Sheet*

Governmental funds include a reconciliation of the combined government-wide statements to the combined governmental fund financial statements. This reconciliation is necessary to bring the financial statements from the current financial resources measurement focus and modified accrual basis of accounting to the economic resources measurement focus and full accrual basis of accounting. Major items included in the reconciliation are capital assets, long-term debt, accrued compensated absences, net pension liability, post-employment benefits payable, legal settlement payable, and deferred revenue, which are shown on the government-wide but not the governmental fund statements. The combined statement of revenues, expenditures, and changes in fund balances – governmental funds include reconciliation between net changes in fund balances – total governmental funds and change in net position of governmental activities. Governmental funds report capital outlays as expenditures; however, in the combined statement of activities and changes in net position, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. Other differences in recognition include number of months allowed in estimating revenue collections, contributions to the pension plan in the current fiscal year, classification of changes in long term obligations, pension expense, and post-employment benefit and pension expense.

### B. BUDGETARY ACCOUNTING

Formal budgetary accounting is employed as a management control device during the year for the Authority's General Fund, the OLD General Fund, the LBBLD General Fund, the EJLD General Fund, and the OLD Real Estate Fund.

Expenditures are controlled at a major cost category level. Executive Directors may reallocate resources among cost categories and departments so long as aggregate cost does not change. Changes to the budgets that will change total revenue or expense must be approved by the Board.

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### **B. BUDGETARY ACCOUNTING (CONTINUED)**

By April 1 of each year, the Board submits the annual budgets to the Joint Legislative Committee on the Budget and to the Legislative Auditor of the State of Louisiana for the succeeding fiscal year. The operating and capital budgets include proposed expenditures and the means of financing.

All original budgets were adopted on March 17, 2016. The amended budgets for OLD GF and SLIP Fund were adopted on June 16, 2016. The amended budget for LBBLD was adopted on May 18, 2017. The EJLD and the Authority did not amend their budgets. The budgeted amounts are included, respectively, as the original and final budgets in the accompanying Schedule 1.

The most significant changes made are described below:

#### **Revenues**

The LBBLD's original budget was \$3,884,000 in revenues. Actual results yielded an increase of \$851,000 to the original budget due to the return of a legal settlement paid in prior years and the transfer of funds from the capital projects fund to fund pump repair costs. The OLD's budget was \$21,128,316 for the General Fund and \$18,975,123 for the SLIP Fund with no changes in total anticipated revenue for the amended budgets. Actual results for the General Fund yielded a \$1,000,000 increase to the amended budget primarily because of an increase in ad valorem taxes. Actual results of the SLIP fund was an increase of \$595,841 primarily due to an increase in tax revenue. The EJLD's budget was \$10,614,600. Actual results yielded amounts comparable to original budget with a change of 862,000 due to an increase in ad valorem taxes. The Authority's original budget called for a total of \$2,225,450. NFPAMA's original budget called for a total of \$1,475,000 in revenues, with the budget being amended to \$1,780,000 for an anticipated increase in tax revenues.

#### **Expenditures**

The LBBLD's original budget was \$3,926,100 in expenditures, and the amended budget did not change the total amount of anticipated expenditures. The actual results yielded a \$225,000 positive variance to the amended budget mainly due to savings in fuel cost and outside engineering fees. The EJLD's budget was \$12,913,935 and actual results yielded a favorable variance of \$9,243,000 from the budget mainly due to delays in major construction projects. The Authority's original budget called for a total of \$2,225,450, and was not amended. The OLD's budget was \$18,914,208 for the General Fund and \$27,424,323 for the Slip Fund. The budget for OLD was not revised. NFPAMA's original budget called for a total of \$830,424 in expenses. The NFPAMA's budget was not amended. Combined variances in the final budget amounts and actual results are shown in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Governmental Funds on Schedule 1.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

**NOTE 1: DEPOSITS WITH FINANCIAL INSTITUTIONS**

Cash includes petty cash and demand deposits. Cash equivalents may include amounts in time deposits, money market mutual funds, commercial paper, and United States Treasury bills.

Aggregate cash and cash equivalents by entity deposited with financial institutions were as follows:

East Jefferson Levee District	\$ 5,284,553
Lake Borgne Basin Levee District	5,177,998
Orleans Levee District	1,069,748
NFPAMA	858,718
Authority	320,338
<b>Total</b>	<b>\$ 12,711,355</b>

Amounts deposited in banks:

	Cash	U.S. Government			LAMP	Total
		Money Market Funds	Obligations & Securities			
Balance per agency books	\$ 12,711,355	\$ 2,311,745	\$ 81,259,214	\$ 67,090,205	\$ 163,372,519	
Deposits in bank accounts per bank	12,926,357	2,311,745	81,259,214	67,090,205	163,587,521	
Bank balances of deposits exposed to custodial credit risk:						
a. Deposits not insured and uncollateralized	-	-	-	-	-	
b. Deposits not insured and collateralized with securities held by the pledging institution	-	-	-	-	-	
c. Deposits not insured and collateralized with securities held by the pledging institution's trust department or agency	-	-	-	-	-	

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)

#### NOTE 1: DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)

The total bank balances will not necessarily equal the deposits in bank account per the combined statement of net position. Deposits in bank accounts are stated at cost, which approximates market value. Under state law, these deposits are secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

#### NOTE 2: INVESTMENTS

At June 30, 2017, the Authority had an investment of \$67,090,205 with the Louisiana Asset Management Pool (LAMP), which is included in investments. LAMP is stated at amortized cost, and is therefore not included in the fair value hierarchy below.

At June 30, 2017, the EJLD had an investment of \$2,311,745 in a money market account which is broken out separately with the restricted investments. It is stated at amortized cost, and is therefore not included in the fair value hierarchy below.

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Authority has the following recurring fair value measurements as of June 30, 2017:

- U.S. government obligations are valued using prices quoted in active markets for those securities (Level 1 inputs)
- U.S. government sponsored enterprise securities are valued using prices quoted in active markets for those securities or quoted prices for identical securities in markets that are not active.

June 30, 2017	Level 1	Level 2	Level 3	Total
U.S. government obligations	\$ 57,097,922	\$ -	\$ -	\$ 57,097,922
U.S. government sponsored enterprise securities	-	24,161,292	-	24,161,292
Total	\$ 57,097,922	\$ 24,161,292	\$ -	\$ 81,259,214

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### D. CAPITAL ASSETS

Infrastructure assets as of June 30, 2017, were as follows:

	Governmental	Proprietary
Bridges and roadways	\$ 78,507,010	\$ -
Parks and recreation	4,002,415	351,137
Buildings	1,859,692	-
Subtotal – other infrastructure assets	84,369,117	351,137
Flood protection systems	87,661,596	49,974
<b>Total – infrastructure assets</b>	<b>\$ 172,030,713</b>	<b>\$ 401,111</b>

Accumulated depreciation on infrastructure assets amounted to \$87,326,219 and \$349,339 for Governmental and Proprietary infrastructure assets, respectively, at year-end.

Changes in capital assets for the year ended June 30, 2017 are shown on the following schedule:

<b>Government Activities:</b>	<b>June 30, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2017</b>
Capital assets not being depreciated				
Land	\$ 14,892,002	\$ -	\$ -	\$ 14,892,002
Construction in progress	21,681,308	9,750,565	-	31,431,873
Total capital assets not being Depreciated	36,573,310	9,750,565	-	46,323,875
Capital assets being depreciated				
Buildings	17,713,484	-	-	17,713,484
Improvements other than buildings	27,153,714	-	-	27,153,714
Equipment	12,297,455	2,256,224	(1,216,061)	13,337,618
Infrastructure	172,030,713	-	-	172,030,713
Total capital assets being Depreciated	229,195,366	2,256,224	(1,216,061)	230,235,529
Less accumulated depreciation for:				
Buildings	9,568,015	544,808	-	10,112,823
Improvements other than buildings	9,890,895	895,691	(970,592)	9,815,994
Equipment	9,038,548	757,383	(76,418)	9,719,513
Infrastructure	83,147,956	4,178,263	-	87,326,219
Total accumulated depreciation	111,645,414	6,376,144	(1,047,010)	116,974,548
Total capital assets, being depreciated, net	117,549,952	(4,119,920)	(169,051)	113,260,981
Total governmental activities capital Assets	<b>\$154,123,262</b>	<b>\$ 5,630,645</b>	<b>\$ (169,051)</b>	<b>\$159,584,856</b>

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**D. CAPITAL ASSETS (CONTINUED)**

<b>Business Activities:</b>	<b>June 30, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2017</b>
Capital assets not being depreciated				
Land	\$ 22,054,735	\$ -	\$ -	\$ 22,054,735
Construction in progress	-	130,641	-	130,641
Total capital assets not being				
Depreciated	22,054,735	130,641	-	22,185,376
Capital assets being depreciated				
Buildings	58,340,524	-	-	58,340,524
Improvements other than buildings	101,417,989	12,875	-	101,430,864
Equipment	1,355,040	72,060	-	1,427,100
Infrastructure	401,111	-	-	401,111
Total capital assets being				
Depreciated	161,514,664	84,935	-	161,599,599
Less accumulated depreciation for:				
Buildings	11,485,074	1,396,471	-	12,881,545
Improvements other than buildings	72,717,932	2,089,499	-	74,807,431
Equipment	1,273,643	21,965	-	1,295,608
Infrastructure	330,116	19,223	-	349,339
Total accumulated depreciation	85,806,765	3,527,158	-	89,333,923
Total capital assets, being				
depreciated, net	75,707,899	(3,442,223)	-	72,265,676
Total business activities capital				
Assets	<b>\$ 97,762,634</b>	<b>\$ (3,311,582)</b>	<b>\$ -</b>	<b>\$ 94,451,052</b>

**E. INVENTORY**

The OLD is the only district that maintains a perpetual inventory system for fuel and supplies. The inventory is recorded as an expense at the time the individual items are withdrawn from stock. The inventory is valued at average cost. The year-end balance consisted of supplies and fuel that could be needed at any time.

**F. RESTRICTED ASSETS**

Restricted assets at June 30, 2017, as shown on Statement A, amounted to \$9,120,416. Restricted assets consisted of \$5,621,443 in OLD General Fund and \$1,306,973 in OLD SLIP in conjunction with the agreement divesting Algiers Levee District from the Authority for its share of the note payable due to the State. This includes \$4,853,856 in OLD General Fund dedicated to OPEB liabilities. Additionally, \$2,311,745 held in escrow is payable to the Army Corps Engineers for East Jefferson Levee District's share of future federal levee projects.

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### G. COMPENSATED ABSENCES

The cost of leave privileges, computed in accordance with GASB Codification Section C60 *Compensated Absences*, is recognized as an expense when leave is earned. The combined statement of net position present the cost of accumulated annual and compensatory leave as a liability. There is no liability for unpaid accumulated sick leave since the Authority does not have a policy to pay this amount when employees separate from service. The combined value of accrued annual leave and compensatory leave at June 30, 2017 was \$1,183,997.

### H. RETIREMENT BENEFITS

#### *Plan Description*

Employees of the Authority are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS). Section 401 of Title 11 of the Louisiana Revised Statutes (LA RS 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at [www.lasersonline.org](http://www.lasersonline.org).

#### *Benefits Provided*

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

#### *Retirement*

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The majority of LASERS rank and file members may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing five to ten years of creditable service depending on their plan. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement benefits under any one of six

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### H. RETIREMENT BENEFITS (CONTINUED)

#### *Retirement (Continued)*

different options providing for reduced retirement benefits payable throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification but generally is ten years of service.

#### *Deferred Retirement Benefits*

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### H. RETIREMENT BENEFITS (CONTINUED)

#### *Deferred Retirement Benefits (Continued)*

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

#### *Disability Benefits*

All members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

#### *Survivor's Benefits*

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

#### *Permanent Benefit Increases/Cost-of-Living Adjustments*

As fully described in Title 11 of the Louisiana Revised Statutes, LASERS allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs), that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### H. RETIREMENT BENEFITS (CONTINUED)

#### *Contributions*

Contribution requirements of active employees are governed by Title 11 of the Louisiana Revised Statutes and may be amended by the Louisiana Legislature. Employee contributions are deducted from a member's salary and remitted to LASERS by participating employers along with employer portion of the contribution.

The rates in effect during the year ended June 30, 2017 for the various plans follow:

Plan	Plan Status	Employee Contribution Rate	Employer Contribution Rate
Regular Employees and Appellate Law Clerks			
Pre Act 75 (hired before 7/1/2006)	Closed	7.5%	35.8%
Post Act 75 (hired after 6/30/2006)	Open	8.0%	35.8%
Optional Retirement Plan (ORP)			
Pre Act 75 (hired before 7/1/2006)	Closed	7.5%	35.8%
Post Act 75 (hired after 6/30/2006)	Closed	8.0%	35.8%
Legislators	Closed	11.5%	39.1%
Special Legislative Employees	Closed	9.5%	41.1%
Judges hired before 1/1/2011	Closed	11.5%	38.0%
Judges hired after 12/31/2010	Open	13.0%	36.7%
Corrections Primary	Closed	9.0%	31.1%
Corrections Secondary	Closed	9.0%	35.3%
Wildlife Agents	Closed	9.5%	44.8%
Peace Officers	Closed	9.0%	34.3%
Alcohol Tobacco Control	Closed	9.0%	30.7%
Bridge Police	Closed	8.5%	34.2%
Hazardous Duty	Open	9.5%	36.1%
New Orleans Harbor Police	Closed	4.0%	4.0%

The Authority's contractually required composite contribution rate for the year ended June 30, 2017 was 35.8% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Authority were \$3,434,588 for the year ended June 30, 2017.

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### H. RETIREMENT BENEFITS (CONTINUED)

#### Refunds of Contributions

If a member leaves covered employment or dies before any benefits become payable on their behalf, the accumulated contributions may be refunded to the member or their designated beneficiary. Similarly, accumulated contributions in excess of any benefits paid to members or their survivors are refunded to the member's beneficiaries or their estates upon cessation of any survivor's benefits.

#### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Authority reported a liability of \$40,455,876 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Authority's proportion was 0.51519%, which was an increase of .00623% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Authority recognized pension expense of \$4,158,209 plus the Authority's amortization of change in proportionate share and difference between employer contributions and proportionate share of contributions of \$957,287.

At June 30, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,422	\$ 375,213
Net difference between projected and actual earnings on pension plan investments	5,038,849	-
Changes in proportion and differences between employer contributions and proportion of shared contributions	346,987	370,322
Employer contributions subsequent to the measurement date	3,434,588	-
<b>Total</b>	<b>\$ 8,843,846</b>	<b>\$ 745,535</b>

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**H. RETIREMENT BENEFITS (CONTINUED)**

Deferred outflows of resources of \$3,434,588 related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2018	\$ 725,340
2019	778,209
2020	1,958,199
2021	1,201,975

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**H. RETIREMENT BENEFITS (CONTINUED)**

***Actuarial Assumptions***

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 are as follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	3 years.
Investment Rate of Return	7.75% per annum.
Inflation Rate	3.0% per annum.
Mortality	Non-disabled members - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. Disabled members – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.
Salary Increases	Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:

<b>Member Type</b>	<b>Lower Range</b>	<b>Upper Range</b>
Regular	4.0%	13.0%
Judges	3.0%	5.5%
Corrections	3.6%	14.5%
Hazardous Duty	3.6%	14.5%
Wildlife	3.6%	14.5%

Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.
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## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### H. RETIREMENT BENEFITS (CONTINUED)

#### *Actuarial Assumptions (Continued)*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Cash	0%	-0.24%
Domestic equity	27%	4.31%
International equity	30%	5.48%
Domestic fixed income	11%	1.63%
International fixed income	2%	2.47%
Alternative investments	23%	7.42%
Global asset allocation	7%	2.92%
Total	100%	5.30%

#### *Discount Rate*

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**H. RETIREMENT BENEFITS (CONTINUED)**

***Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the Authority’s proportionate share of the Net Pension Liability using the discount rate of 7.75%, as well as what the Authority’s proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75%) or one percentage-point higher (8.75%) than the current rate:

	<b>1.0% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1.0% Increase (8.75%)</b>
Authority’s proportionate share of the net pension liability	\$ 49,703,788	\$ 40,455,876	\$ 32,598,050

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan’s fiduciary net position is available in the separately issued LASERS 2016 Comprehensive Annual Financial Report at [www.lasersonline.org](http://www.lasersonline.org).

**I. OTHER POST-EMPLOYMENT BENEFITS**

Authority employees become eligible for post-employment healthcare and life insurance benefits if they reach normal retirement age while working for the Authority. The employer provides these benefits for retirees and similar benefits for active employees through Office of Group Benefits (“OGB”) and/or an independent insurer. The premiums are paid jointly by the retiree and the employer.

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### I. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### Post-employment Healthcare Plan

##### *Plan Description*

The Office of Group Benefits (OGB) of the State of Louisiana, administered by Blue Cross Blue Shield of Louisiana, currently provides healthcare benefits to eligible retired OLD employees, their dependents, and surviving spouse. During the year ended June 30, 2017, EJLD moved its OPEB accounts from a privately run plan to the OGB plan run by the State and administer SFLPA-E, LBBLD, OLD, and EJLD employees participate in the State's Other Post-employment Benefit Plan (OPEB Plan or the Plan), an agent multiple-employer, defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees, and their beneficiaries. Blue Cross Blue Shield of Louisiana administers the Plan for the OGB. LA RS 42:801-883 provides the OGB the authority to establish and amend benefit provisions of the Plan. The OGB does not issue a publicly available financial report of the OPEB Plan; however, it is included in the Louisiana Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at [www.doa.la.aov/osrap](http://www.doa.la.aov/osrap).

The contribution requirements of plan members, SLFPA-E, LBBLD, OLD, and EJLD are established and may be amended by LA RS 42:801-883. Employees do not contribute to the post-employment benefit cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the Plan and if the member has Medicare coverage. The OGB offers four standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Medical Home HMO Plan, a Health Reimbursement Arrangement (HRA) and the Consumer Driven Health Plan with Health Savings Account (HSA) (Actives Only). Depending upon the Plan selected, during fiscal year 2017 employee premiums for a single member receiving benefits range from \$59 to \$148 per month for retiree-only coverage with Medicare, and for retiree-only coverage without Medicare from \$99 to \$234 per month. The fiscal year 2017 premiums for retiree and spouse range from \$107 to \$394 per month for both retiree and spouse with Medicare, and from to \$320 to \$476 per month for those without Medicare.

The Plan is currently financed on a pay as you go basis, with the LBBLD, OLD, and EJLD contributing anywhere from \$185 to \$319 per month for retiree-only coverage with Medicare or from \$679 to \$1,131 per month for retiree-only coverage without Medicare, during fiscal year 2017. Also, the LBBLD, OLD's, and EJLD's contributions range from \$184 to \$1,067 per month for both retiree and spouse with Medicare to \$954 to \$1,671 for retiree and spouse without Medicare.

The employees/retirees of EJLD have a choice between two plans. There are no contributions from employees on the first plan and EJLD pays \$588 for single coverage for employee, \$1,088 for employee and child coverage, \$1,235 for employee and spouse coverage, and \$1,705 for full family coverage. The second plan, the EJLD employees pay the difference in premium between the first plan and the second plan. The EJLD eligible retirees pay half of the premium of the plan that they choose until they reach age 65.

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### I. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### **Post-employment Life Insurance Benefits**

For SLFPA-E, OLD EJLD, and LBBLD, the OGB provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life and Employee Accidental Death and Dismemberment (AD&D) coverage, which is underwritten by the Prudential Insurance Company of America. The total premium is approximately \$1.08 per thousand dollars of coverage of which the employer pays one half of the premium. Maximum coverage is capped at \$50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with AD&D coverage ceasing at age 70 for retirees. The amount of coverage is based on the retiree's annual salary prior to retirement. Members are responsible for half of the insurance premium equal to the premium at time of retirement.

#### ***Annual Other Post-Employment Benefit (OPEB) Cost***

The annual required contribution (the ARC) is an amount actuarially determined in accordance with the parameters of GASB Codification P50 *Postemployment Benefits Other Than Pensions – Employer Reporting*. For the year ended June 30, 2017, the OLD's annual OPEB cost for the post-employment healthcare plan recognized in the combined statement of activities and changes in net position of \$825,494 was equal to the ARC. The EJLD's annual OPEB cost of \$24,575 and the LBBLD's annual cost of \$238,043 for healthcare costs were equal to the ARC.

#### ***Actuarial Methods and Assumptions***

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### I. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### *Actuarial Methods and Assumptions (Continued)*

In the July 1, 2016 actuarial valuation, the entry age actuarial cost method was used; the actuarial assumptions included 4.0% investment rate of return (net of administrative expenses). The actuarial value of the healthcare plan's assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The OLD and EJLD's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at June 30, 2016 was 30 years.

In the most recently issued actuarial valuation, dated July 1, 2016, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 6.0% and 8.0% eligible for pre-Medicare and Medicare, respectively, scaling down to ultimate rates of 4.5% per year. The Authority's unfunded actuarial accrued liability is being amortized as a level percentage of payrolls on an open basis. The remaining amortization period at July 1, 2016 was 30 years.

Retiree benefits paid in 2017 by the OLD totaled \$766,880. As of June 30, 2017, there were 86 retirees contributing and utilizing post-employment retirement benefits. Employees hired January 1, 2010 or later, who are eligible for Medicare will not be eligible for the OLD's health insurance plan. 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 EJLD. Benefits paid by EJLD for the year ended June 30, 2017 totaled \$33,881 for the 21 retirees. Benefits paid by LBBLD for the year ended June 30, 2017 totaled \$113,787 for the 22 retirees.

The OLD's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended June 30, 2017 were:

Normal cost	\$	385,123
30-year UAAL amortization amount		440,371
Interest on the above		-
<hr/>		
Annual required contribution (ARC)	\$	<b>825,494</b>

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**I. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

The following table presents the OLD's OPEB obligation for the year ended June 30, 2017:

Beginning net OPEB obligation, July 1, 2017	\$ 7,919,224
Annual required contribution	825,494
Interest on net OPEB obligation	300,931
Adjustment to ARC	(294,652)
OPEB cost	831,772
Contributions made (retiree cost)	(773,784)
<b>Ending net OPEB obligation, June 30, 2017</b>	<b>\$ 7,977,212</b>

The funded status of the OLD healthcare and life insurance plan as of the July 1, 2017 actuarial report was as follows:

Actuarial accrued liability (AAL)	\$ 11,023,408
Actuarial value of plan assets	-
<b>Unfunded actuarial accrued liability (UAAL)</b>	<b>\$ 11,023,408</b>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 5,173,333
UAAL as a percentage of covered payroll	213%

**The OLD Schedule of Funding Progress for OPEB Plan**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
6/30/2017	-	11,023,408	11,023,408	0%	5,173,333	213%
6/30/2016	-	15,045,799	15,045,799	0%	5,983,935	251%
6/30/2015	-	14,397,894	14,397,894	0%	4,799,752	299%
6/30/2014	-	21,929,219	21,929,219	0%	5,998,662	366%

The actuarial valuation reported in the fiscal year 2017 report reflects values at the beginning of the fiscal year, explaining the apparent lag in describing the divergent insurance plans. The District is looking into the actuarial assumptions that resulted in the significant decline in estimated obligations.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**I. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

The EJLD's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2017 were as follows:

Normal cost	\$	20,336
30-year UAL amortization amount		4,239
Interest on the above		-
<hr/>		
Annual required contribution (ARC)	<b>\$</b>	<b>24,575</b>

The following table presents the EJLD's OPEB obligation for the year ended June 30, 2017:

Beginning net OPEB obligation, July 1, 2016	\$	975,982
Annual required contribution		24,575
Interest on net OPEB obligation		37,087
Adjustment to ARC		(36,314)
<hr/>		
OPEB cost		25,349
Contributions made (retiree cost)		(356,243)
<hr/>		
Ending net OPEB obligation, June 30, 2017	<b>\$</b>	<b>645,088</b>

The funded status of the EJLD's plan for medical and life benefits as of the July 1, 2016 actuarial report was as follows:

Actuarial accrued liability (AAL)	\$	89,769
Actuarial value of plan assets		-
<hr/>		
Unfunded actuarial accrued liability (UAAL)	<b>\$</b>	<b>89,769</b>
<hr/>		
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)	\$	2,062,854
UAAL as a percentage of covered payroll		4.4%

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**I. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**The EJLD Schedule of Funding Progress for OPEB Plan**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2017	\$ -	\$ 89,769	\$ 89,769	0%	\$ 2,062,854	4.4%
6/30/2016	-	1,457,431	1,457,431	0%	2,368,810	59.0%
6/30/2015	-	1,394,671	1,394,671	0%	3,099,186	45.0%
6/30/2014	-	821,052	821,052	0%	2,524,101	32.5%

The LBBLD's total ARC for the year beginning July 1, 2016 is \$238,043 as set forth below.

Normal cost	\$ 99,840
30-year UAL amortization amount	138,203
Interest on the above	-
<b>Annual required contribution (ARC)</b>	<b>\$ 238,043</b>

The following table presents the LBBLD's OPEB obligation for the fiscal year 2017:

Beginning net OPEB obligation, July 1, 2016	\$ 4,038,921
Annual required contribution	238,043
Interest on net OPEB obligation	153,479
Adjustment to ARC	(150,277)
OPEB cost	241,245
Contributions made (retiree cost)	(432,992)
<b>Ending net OPEB obligation, June 30, 2017</b>	<b>\$ 3,847,174</b>

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**I. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

***Actuarial Methods and Assumptions (Continued)***

The funded status of the LBBLD’s plan as of the July 1, 2016 actuarial report was as follows:

Actuarial accrued liability (AAL)	\$	3,480,195
Actuarial value of plan assets		-
<hr/>		
Unfunded actuarial accrued liability (UAAL)	\$	<b>3,480,195</b>
<hr/>		
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (annual payroll of active employees covered by the Plan)	\$	795,517
UAAL as a percentage of covered payroll		437%

**The LBBLD Schedule of Funding Progress for OPEB Plan**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b- a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
6/30/2017	-	3,480,195	3,480,195	0%	795,517	437%
6/30/2016	-	4,038,921	4,038,921	0%	1,361,610	297%
6/30/2015	-	3,682,700	3,682,700	0%	1,244,100	296%
6/30/2014	-	3,248,600	3,248,600	0%	1,181,574	275%

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### J. LEASES – OPERATING LEASES

The Non-Flood Protection Asset Management Authority manages and leases boat slips, boathouses, and building space to certain parties under operating leases. At June 30, 2017, the total cost of the land, buildings and improvements leased to others is \$183.8 million with \$89.3 million net of related accumulated depreciation. Current year rents amount to \$4.5 million. The amount derived from contingent rent increases was negligible. The amounts reported represent rents due on non-cancelable leases currently in effect. Future minimum rental payments to be received under these operating leases are as follows for the years ending June 30:

2018	\$ 4,670,814
2019	2,406,072
2020	2,129,522
2021	1,676,619
2022	829,420
2023-2027	2,624,374
2028-2032	2,325,404
2033-2037	1,401,161
Remainder of term	2,232,000
Total	<b>\$ 20,295,386</b>

### K. LONG-TERM OBLIGATIONS

#### *Loans from the State of Louisiana*

On July 19, 2006, the Orleans Levee District entered into a Cooperative Endeavor Agreement (CEA) with the State of Louisiana constituting a loan agreement (Gulf Opportunity Zone Bond loan) between the two parties wherein the State loaned to the District \$26,125,671 for the sole purpose of paying the debt service on the then outstanding 1986 and 1996 Series, Special Levee and Public Improvement bonds. The Public Improvement Bonds were reported on the proprietary funds until the reorganization of the Orleans Levee District in fiscal 2007. The Flood Control Division assumed the Public Improvement Bonds effective within the reorganization of the District.

As part of the re-organization of the Orleans Levee District mandated by legislation and constitutional amendment, the OLD's LA RS 39:1430 assets are managed by the Non-Flood Protection Asset Management Authority.

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### K. LONG-TERM OBLIGATIONS (CONTINUED)

#### *Loans from the State of Louisiana (Continued)*

The terms of the loan include a maturity date of 20 years from the issuance of the loan, July 19, 2006. In the first five years, neither principal nor interest were payable. The agreement states that the loan bears interest at a fixed rate of 4.64% and shall be repaid in level installments over the remaining 15 years of the agreement's term. The funds were required to be used solely for payment of debt service on the identified bonds. The agreement further states that repayment of the loan should be made from available revenues of the District as the sole source of repayment which is subordinated to the existing obligations of the District as permitted by LA RS 39:1430. LA RS 39:1430 further states, in summary, that the debt service is required to be paid out of income, revenues, and receipts derived or received from the properties and facilities related to the LA RS 39:1430 assets. Management is of the opinion that since the Orleans Levee District has no available funds from its LA RS 39:1430 assets, no funds are currently available to pay down this loan as of June 30, 2017. To date, the District has not set aside any funds for the payment of this debt service from available tax revenues other than the amounts that were escrowed at the time of the Compromise and Settlement Agreement with Algiers Levee District which related to the Algiers allocated portion of the debt.

The OLD has continued to attempt to negotiate the forgiveness of these bonds with the State of Louisiana but has been unsuccessful to date. Accordingly, management has reported this note payable of \$19,301,589 and related accrued interest payable of \$410,478 as long-term in the accompanying combined statement of net position. The State, however, has classified the entire amount as long term.

The following is the schedule of the future minimum payments based on the CEA debt amortization schedule as of June 30, 2017 adjusted for a delay in repayment:

Years Ending	Principal	Interest	Total
2018	\$ 1,560,538	\$ 895,594	\$ 2,456,132
2019	1,632,947	823,185	2,456,132
2020	1,708,716	747,416	2,456,132
2021	1,788,000	668,132	2,456,132
2022-2026	12,611,388	2,165,601	14,776,989
Total	\$ 19,301,589	\$ 5,299,928	\$ 24,601,517

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**K. LONG-TERM OBLIGATIONS (CONTINUED)**

***Changes in Long-Term Obligations***

The following schedules summarize the changes in long-term debt during the year ended June 30, 2017:

	June 30, 2016	Additions	Retirement	June 30, 2017	One Year
<b>Governmental Activities:</b>					
Long term borrowing from					
State of Louisiana	\$26,125,671	-	(6,824,082)	19,301,589	1,560,538
Compensated absences	1,058,443	65,264	(63,448)	1,060,259	55,831
Interest payable	5,416,378	898,474	(5,904,374)	410,478	-
Judgments	100,000	-	(100,000)	-	-
Net pension liability	32,380,994	4,303,235	-	36,684,229	-
Post-employee benefit liability	12,137,453	1,036,796	(1,503,105)	11,671,144	-
<b>Governmental activities total</b>	<b>77,218,939</b>	<b>6,303,769</b>	<b>(14,395,009)</b>	<b>69,127,701</b>	<b>1,616,369</b>
<b>Business-Type Activities:</b>					
Compensated absences	124,223	32,553	(33,038)	123,738	21,659
Net pension liability	2,235,901	1,535,746	-	3,771,647	-
Post-employment benefit liability	796,674	61,570	(59,914)	798,330	-
<b>Business-type activities total</b>	<b>3,156,798</b>	<b>1,629,869</b>	<b>(92,952)</b>	<b>4,693,715</b>	<b>21,659</b>
<b>Total long term obligations</b>	<b>80,375,737</b>	<b>7,933,638</b>	<b>(14,487,961)</b>	<b>73,821,416</b>	<b>1,638,028</b>

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### L. CONTINGENT LIABILITIES

A variety of claims have been made against the Authority and its districts in a number of pending lawsuits. Management has regular litigation reviews, including updates from outside counsel, to assess the need for accounting recognition or disclosure of these contingencies. The Authority accrues an undiscounted liability for those contingencies when the incurrence of a loss is probable and the amount can be reasonably estimated. If a range of amounts can be reasonably estimated and no amount within the range is a better estimate than any other amount, then the minimum of the range is accrued. The Authority does not record liabilities when the likelihood that the liability has been incurred is probable, but the amount cannot be reasonably estimated or when the liability is believed to be only reasonably possible or remote. For contingencies where an unfavorable outcome is reasonably possible and which are significant, the Authority discloses the nature of the contingency and, where feasible, an estimate of the possible loss. For purposes of our contingency disclosures, “significant” includes material matters as well as other matters which management believes should be disclosed. The Authority and its districts will continue to defend itself vigorously in these matters. Based on a consideration of all relevant facts and circumstances, the Authority does not believe the ultimate outcome of any currently pending lawsuit against the Authority will have a material, or adverse effect upon the Authority’s operations, financial condition, or financial statements taken as a whole.

It is the opinion of the Authority, after conferring with legal counsel for the Authority, that several of the potential claims against the Authority, while not classified as “probably,” do have the reasonable possibility of an unfavorable outcome, with an estimated maximum possible liability to the Authority of \$629,912.

### FEDERALLY ASSISTED GRANT PROGRAMS

The Authority participates in a number of federally-assisted grant programs. The programs are subject to compliance audits under the Office of Management and Budget Uniform Grant Guidance. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. The Authority believes that the amount of disallowances, if any, which may arise from future audits, will not be material.

### M. DISAGGREGATION OF RECEIVABLE BALANCES

The following table displays the June 30, 2017 balances in receivables by each District's governmental activities:

	Authority	OLD - GF	EJLD	LBBLD	NFPAMA	OLD - SLIP	Total Governmental
Ad valorem taxes	\$ -	\$ 536,796	\$ -	\$16,476	\$ -	\$602,951	\$1,156,223
Customers and other, net of allowance	1,746	-	42,871	-	3,867	-	48,484
	\$ 1,746	\$ 536,796	\$ 42,871	\$16,476	\$ 3,867	\$602,951	\$1,204,707

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### M. DISAGGREGATION OF RECEIVABLE BALANCES (CONTINUED)

The following table displays the June 30, 2017 balances in receivables by each District's business activities:

	SSH	LFA	OM	Non-major	Total Business- Type
Customers and other, net of allowance	\$ 112,848	\$ 26,196	\$ 118,422	\$ 18,596	\$ 276,062
	\$ 112,848	\$ 26,196	\$ 118,422	\$ 18,596	\$ 276,062

All amounts are due or expected to be collected within one year.

#### ***Ad Valorem Taxes***

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

Louisiana Constitution provides that the OLD may levy an annual tax not to exceed 2.5 mills to construct and maintain levees, levee drainage, flood protection, hurricane flood protection, and all other incidental purposes. If the OLD needs to raise additional funds in excess of the amount authorized by the constitution, the taxes in excess of 2.5 mills must be approved by a majority vote of the electors of Orleans Parish. By 1983, the 2.5 mill constitutional tax was reestablished at 5.46 mills and the special levee improvement tax was reestablished at 6.07 mills.

By general election held in the City of New Orleans in 1983, the voters of Orleans Parish elected to continue the 6.07 mill ad valorem tax on assessed property for 30 years (1985-2015) to finance hurricane and flood protection projects and fund the retirement of levee improvement bonds. The electorate also approved an ongoing maintenance tax of 0.75 mills for maintaining the flood protection system.

On November 6, 2012, the citizens of the City of New Orleans voted to approve a renewal and rededication of the 6.07 mill tax for an additional 30 years. This included 5.46 mills dedicated to constructing and maintaining levees, levee drainage, flood protection, hurricane flood protection, and all other purposes incidental thereto including debt service payments, as well as 0.61 mills for operation and maintenance of non-revenue producing assets not directly related to drainage, flood control, or water resources development pertaining to tidewater flooding, hurricane control, or saltwater intrusion.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**M. DISAGGREGATION OF RECEIVABLE BALANCES (CONTINUED)**

***Ad Valorem Taxes (Continued)***

The OLD collects three ad valorem taxes: constitutional, maintenance and special levee improvement tax. All tax other than provided in constitution must have approval of the voters of Orleans Parish. The citizens of New Orleans did approve the special levee improvement and maintenance tax. The millages are currently as shown in the table below:

	<b>Authorized</b>	<b>Levied 2016</b>
Parish-wide taxes:		
Constitutional	5.46	5.46
Maintenance	0.75	0.75
Levee improvement	6.07	6.07
	<b>12.28</b>	<b>12.28</b>

At June 30, 2017, approximately \$988,292 of property taxes has been paid under protest and is, therefore, not recorded in the financial statements.

East Jefferson Levee District – The Louisiana Constitution provides that for the purpose of constructing and maintaining levees, levee drainage, flood protection, hurricane flood protection, and all other purposes incidental thereto, the levee districts may levy annually a tax not to exceed five mills. If the EJLD needs to raise additional funds in excess of the amount collected constitutionally, the taxes in excess of five mills must be approved by a majority vote of the electors. The following table shows the maximum rates as well as the rates billed during the year ended June 30, 2017:

	<b>Authorized</b>	<b>Levied 2016</b>
Parish-wide taxes:		
Constitutional	4.01	4.01
	<b>4.01</b>	<b>4.01</b>

Lake Borgne Basin Levee District – The Louisiana Constitution provides that for the purpose of constructing and maintaining levees, levee drainage, flood protection, hurricane flood protection, and all other purposes incidental thereto, the levee districts may levy annually a tax not to exceed five mills. If the LBBLD needs to raise additional funds in excess of the amount collected constitutionally, the taxes in excess of five mills must be approved by a majority vote of the electors.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**M. DISAGGREGATION OF RECEIVABLE BALANCES (CONTINUED)**

***Ad Valorem Taxes (Continued)***

The following table shows the maximum rates as well as the rates billed during the year ended June 30, 2017:

	Authorized	Levied 2016	Effective Years
Parish-wide taxes:			
Constitution	3.91	3.91	
General election	3.06	3.06	2015 - 2044
General election	4.36	4.36	2011 - 2020
	<b>11.33</b>	<b>11.33</b>	

**N. DISAGGREGATION OF PAYABLE BALANCES**

Payables at June 30, 2017 were as follows:

	Authority	OLD - GF	EJLD	LBBLD	NFPAMA	OLD - SLIP	Total Governmental
Vendors and employees	\$ 100,710	\$ 630,024	\$ 490,025	\$ 50,526	\$ 363,610	-	\$ 1,634,895
Contracts payable	-	-	-	-	-	1,593,563	1,593,563
	<b>\$ 100,710</b>	<b>\$ 630,024</b>	<b>\$ 490,025</b>	<b>\$ 50,526</b>	<b>\$ 363,610</b>	<b>\$ 1,593,563</b>	<b>\$ 3,228,548</b>

The following table displays the June 30, 2017 balances in receivables by each District's business activities:

	SSH	LFA	OM	Non-major	Total Business- Type
Customers and other, net of allowance	\$ 27,948	\$ 59,334	\$ 45,696	-	\$ 132,978
	<b>\$ 27,948</b>	<b>\$ 59,334</b>	<b>\$ 45,696</b>	<b>-</b>	<b>\$ 132,978</b>

All amounts are payable within one year.

Due from other governments represents amounts to be received from Federal Emergency Management Agency. As of June 30, 2017, the Authority had a balance of \$877,096 due from other governments. The balance due to other agencies was \$2,223,609 as of June 30, 2017, of which \$2,192,000 was due to the Army Corps of Engineers.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**O. INTERFUND BALANCES AND TRANSFERS**

Transfers between funds during the year ended June 30, 2017 are as follows:

<b>Governmental Funds</b>	<b>Transfers In</b>	<b>Transfers Out</b>
OLD – GF	\$ -	\$ -
EJLD	-	-
LBBLD	523,517	-
LBBLD – Cap Projects	-	523,317
Non-Flood	1,960,345	-
OLD – SLIP Authority	-	1,960,345
	-	-
<b>Total Governmental Funds</b>	<b>2,483,862</b>	<b>2,483,862</b>
<b>Proprietary funds</b>		
LV	-	-
OM	-	-
SSH	-	-
LFA & NBC	-	-
<b>Total Proprietary Funds</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>\$ 2,483,862</b>	<b>\$ 2,483,862</b>

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**O. INTERFUND BALANCES AND TRANSFERS (Continued)**

Individual fund balances due from/to other funds at December 31, 2016 were as follows:

<b>Governmental Funds</b>	<b>Due From Other Funds</b>	<b>Due To Other Funds</b>
OLD – GF	\$ 7,030,788	\$ 855,037
EJLD	-	136,976
LBBLD		51,029
Non-Flood - GF	15,970,632	26,849,868
Non-Flood - GIF	303,227	2,510,705
OLD - SLIP Authority	590,184 452,858	- 45,825
<b>Total Governmental Funds</b>	<b>24,347,689</b>	<b>30,449,440</b>
<b>Proprietary funds</b>		
LFA	2,992,025	13,563,555
OM	6,208,375	24,273
SSH	6,020,241	4,047,995
LV & NBC	8,519,990	3,055
<b>Total Proprietary Funds</b>	<b>23,740,631</b>	<b>17,638,880</b>
<b>Total</b>	<b>\$ 48,088,320</b>	<b>\$ 48,088,320</b>

**P. TAX ABATEMENT**

***East Jefferson***

As of December 31, 2016, the Parish provides tax abatements primarily through one program – the Payment in Lieu of Tax (PILOT) program. In addition, the State of Louisiana offers a number of programs that provide tax abatements within the Parish including the Restoration Tax Abatement (RTA) Program, the Industrial Tax Exemption Program (ITEP), and the Enterprise Zone (EZ) Program. Details of each program follow.

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### **P. TAX ABATEMENT (Continued)**

The Parish enters into ad valorem (property) tax abatement agreements with local businesses through its economic development arm - the Jefferson Parish Economic Development and Port District (JEDCO). JEDCO is authorized under LRS 34:2021 et seq, as well as LRS 39:991 to 1001, inclusive, and other constitutional and statutory authority to acquire, own, lease, rent, repair, renovate, improve, finance, sell and dispose of facilities that are determined by JEDCO to be instrumental to the removal of blight, the redevelopment of distressed areas, or to promote economic development through the creation of jobs, or to enhance the tax base of Jefferson Parish through the construction, renovation, or rehabilitation of improvements, other than for public utility facilities. JEDCO utilizes a Payment in Lieu of Tax (PILOT) program, which includes a sale-leaseback agreement on targeted facilities whereby JEDCO, a political subdivision exempt from property taxes, takes title to the property and leases the property back to the business. Rent or lease payments are then made to the local governments in lieu of ad valorem (property) taxes on the property. The amounts of the payments under the agreements are negotiated between JEDCO and the business and can result in partial or total tax abatements. The payments are then made over an agreed-upon number of years (typically anywhere from 3 to 20 years). JEDCO typically sets dollar investment thresholds, as well as job creation or retention goals within the agreement. Failure to comply with these thresholds can affect the amount of tax abatement on a go forward basis. There are currently three (3) active PILOT programs in the Parish. Payments received or due at June 30, 2017 under these PILOT agreements amounted to \$1,226,096.

The Restoration Tax Abatement (RTA) program is an economic development incentive created for use by municipalities and local governments to encourage the expansion, restoration, improvement, and development of existing commercial and residential properties in Downtown Development Districts, Economic Development Districts, or Historic Districts. The Parish has several eligible districts on both the east and west banks of the river. The program is authorized under LRS 47:4311-4319 and is administered by the Louisiana Department of Economic Development (LED).

Abatements are obtained through application by the property owner, subject to approval by the Governor, the Louisiana Board of Commerce and Industry, and the local governing authority (i.e., the Parish), which includes proof that the property is in a targeted district and that the improvements have been made. The program allows the owner the right for five (5) years, to pay ad valorem taxes based on the assessed valuation of the property for the year prior to the commencement of the project. Thus, the RTA abatement is equal to 100 percent of the additional ad valorem (property) tax resulting from the increase in assessed value as a result of the improvements. The contract may be eligible for renewal, subject to the same conditions, for an additional five (5) years, if approved. Under this program, the amount of the improvements (i.e., the "contract value") is not included in the tax assessment until the abatement period has ended and the property is assessed with the improvements taken into account. Because the Parish Assessor does not reassess the value of the property until the abatement period has expired, it is not possible to calculate the true amount of taxes abated in one year. The amounts shown are the estimated maximum amount of taxes that would be abated if the full contract value as adjusted for depreciation were added to the assessed value (which would hardly ever be the case).

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### P. TAX ABATEMENT (Continued)

The actual amount of taxes abated can be substantially less than what is noted. There was 1 new abatement contract awarded in 2016 and at year end, there are 14 active RTA abatement contracts in the Parish.

The Industrial Tax Exemption Program (ITEP) is a full, 100 percent exemption from local ad valorem (property) taxes as authorized in the Louisiana Constitution of 1974, Article VII, Part 2, Section 21(F), as amended by the Governor's Executive Order No. JBE 2016-26. Participating companies are eligible to receive an initial five (5) year exemption, plus the opportunity for a five (5) year renewal, for a total often (10) years of full exemption from local property taxes. The program is available only to manufacturers. Manufacturing businesses are defined as those with a North American Industry Classification System (NAICS) code of 31, 32, or 33. General categories include food manufacturers and manufacturers of durable and non-durable goods. The types of specific businesses eligible to receive ITEP exemptions are varied, including fertilizer and pesticide manufacturers, petrochemical manufacturers, industrial equipment and machinery manufacturers, and even breweries. Up until now, Louisiana has had no job creation or capital investment thresholds required for eligibility. The exemption applies to all improvements to land, buildings, machinery, equipment, and any other property that is part of the manufacturing process. Maintenance capital (i.e., property replacements and refurbishments) is also eligible for the exemption. The land on which the manufacturing establishment is located is not eligible for the exemption. An advance notification of intent to apply for the tax exemption is filed with the Louisiana Office of Economic Development (LED) Office of Business Development. The LED then presents the application to the Louisiana Board of Commerce and Industry for review and approval. The applicant files an annual report with the Parish Assessor listing the exempted property so that it may be separately listed on the tax rolls. While the ITEP program is still available and being used, the recent Governor's Executive Order has placed several limitations and new criteria on the ITEP program until the statute could be revisited. There were 6 new ITEP contracts awarded in 2016 and at year end, there are 189 active ITEP abatements in the Parish.

The amount of tax abatements granted during 2016 under each program is as follows:

<u>Source/Tax Abatement Program</u>	<u>Type of Tax</u>	<u>Parish's Share of Taxes Abated (in 000s)</u>	<u>East Jefferson Levee District's Portion (in 000s)</u>
PILOT Program	Ad Valorem	\$138,727	\$8,495
RTA Program	Ad Valorem	\$987,810	\$16,166
ITEP Program	Ad Valorem	\$8,362,408	\$50,700

### ***Lake Borgne Basin***

The St. Bernard Parish Assessor (the "Assessor") negotiates property tax abatement agreements on the Parish's behalf on an individual basis. Each agreement was negotiated for a variety of economic development purposes, including business relocation, retention, and expansion. The Assessor has tax abatement agreements with five entities as of June 30, 2017:

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST NOTES TO COMBINED FINANCIAL STATEMENTS

### **P. TAX ABATEMENT (Continued)**

- Five oil and gas companies, through an agreement negotiated with the Industrial Tax Exemption program has property assessed at \$97,890,372 with exempt taxes of \$4,112,514.
- The Industrial Tax Exemption program may be granted to manufacturers located within the Parish. The Industrial Tax Exemption program abates, up to ten years, local property taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing sale.

The Assessor has not made any commitments as part of the agreements other than to reduce taxes. The Parish is not subject to any tax abatement agreements entered into by other governmental entities other than the Assessor.

The abatement projects have property assessed values at \$97,890,372 with exempt taxes attributable to the program of \$14,081,670. Lake Borgne Basin Levee District's portion of the amount of taxes abated was \$1,109,098 as of June 30, 2017.

#### ***Orleans Parish***

The City of New Orleans (the City) negotiates property tax abatement agreements on behalf of the city and its component units. Each agreement was negotiated for a variety of economic development purposes, including business relocation, retention, and expansion. The District, through the City, has tax abatement agreements with seventeen commercial entities participating in the Restoration Tax Abatement (RTA) program as of June 30, 2017. The RTA projects have property assessed at \$366,753,195 with exempt taxes attributable to the District of \$2,206,000. The City has not made any commitments as part of the agreements other than to reduce taxes. The District is not subject to any tax abatement agreements entered into by other governmental entities, except for those entered into by the City.

### **Q. SUBSEQUENT EVENTS**

On August 2, 2017, the Authority paid the remainder of the Gulf Opportunity Zone Bond loan with the State of Louisiana in full in the amount of \$19,819,709.



**Required Supplementary  
Information (Part II)**

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST  
COMBINED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	Schedule 1			
	Budgeted Amounts		Actual Amounts	Variances with Final Budget (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 52,963,539	\$ 53,268,539	\$ 52,252,875	\$ (1,015,664)
Intergovernmental	3,938,400	3,938,400	2,010,294	(1,928,106)
Charges for service				
Permits	-	-	-	-
Oil and gas royalties	200,000	200,000	290,097	90,097
Investment income	1,009,190	1,009,190	1,512,635	503,445
Cost sharing allocations from affiliates	-	-	2,061,873	2,061,873
BP settlement proceeds	-	-	-	-
Miscellaneous	191,460	191,460	992,650	801,190
Total revenues	<u>58,302,589</u>	<u>58,607,589</u>	<u>59,120,424</u>	<u>512,835</u>
<b>Expenditures</b>				
Flood and drainage protection				
Personnel services	20,807,297	20,373,397	16,735,465	3,637,932
Travel	149,800	149,300	63,638	85,662
Contractual services	41,824,756	42,922,656	20,504,803	22,417,853
Materials and supplies	2,094,250	1,982,500	1,935,865	46,635
Professional services	3,713,100	3,680,700	2,685,829	994,871
Other charges	2,745,339	2,227,989	28,467	2,199,522
Cost sharing allocations to affiliates	1,928,792	1,928,792	2,044,959	(116,167)
Machinery and equipment	1,927,836	1,925,836	2,198,441	(272,605)
Miscellaneous	-	-	(57,524)	57,524
Total expenditures	<u>75,191,170</u>	<u>75,191,170</u>	<u>46,139,943</u>	<u>29,051,227</u>
Excess of revenues over expenditures	<u>(16,888,581)</u>	<u>(16,583,581)</u>	<u>12,980,481</u>	<u>29,564,062</u>
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	-	-	222,688	222,688
Debt services	-	(12,728,456)	(12,728,456)	-
Transfer to affiliates	(1,824,075)	(1,824,075)	(6,000,000)	(4,175,925)
Transfer from affiliates	235,650	235,650	-	(235,650)
Litigation payments	(250,000)	(250,000)	(2,123)	247,877
Total other financing used	<u>(1,838,425)</u>	<u>(14,566,881)</u>	<u>(18,507,891)</u>	<u>(3,941,010)</u>
Net changes in fund balances	<u>(18,727,006)</u>	<u>(31,150,462)</u>	<u>(5,527,410)</u>	<u>25,623,052</u>
Fund balance - Beginning of year	159,374,977	159,374,977	159,374,977	-
Fund balance - End of year	<u>\$ 140,647,971</u>	<u>\$ 128,224,515</u>	<u>\$ 153,847,567</u>	<u>\$ 25,623,052</u>

*See independent auditors' report and accompanying notes to combined financial statements.*

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
FOR LOUISIANA STATE EMPLOYEES’ RETIREMENT SYSTEM**

For the year ended June 30,	<b>2017</b>	2016	2015
Authority's proportion of the net pension liability (%)	<b>0.51519%</b>	0.50896%	.50639%
Authority's proportion of the net pension liability (\$)	<b>\$ 40,455,876</b>	\$ 34,616,895	\$31,663,892
Authority's covered-employee payroll	<b>\$ 8,998,164</b>	\$ 8,638,094	\$8,934,255
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<b>449.60%</b>	400.75%	354.41%
Plan fiduciary net position as a percentage of the total pension liability	<b>57.7%</b>	62.7%	65.0%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ended.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
SCHEDULE OF CONTRIBUTIONS TO LOUISIANA  
STATE EMPLOYEES’ RETIREMENT SYSTEM**

For the year ended June 30,	2017	2016	2015
Contractually required contribution	\$ 3,434,588	\$ 3,353,153	\$ 3,285,657
Contributions in relation to the contractually required contribution	3,434,588	3,353,153	3,285,657
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 9,590,382	\$ 8,998,164	\$ 8,638,094
Contributions as a percentage of covered-employee payroll	35.81%	37.26%	38.04%

**Notes to Required Supplementary Information  
For the Year Ended June 30, 2017**

***Changes of Benefit Terms***

There were no changes of benefit terms for the years ended June 30, 2015, 2016, or 2017.

***Changes of Assumptions***

There were no changes of benefit assumptions for the years ended June 30, 2015, 2016, or 2017.



**Other Supplementary  
Information**

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST**  
**SCHEDULE OF COMPENSATION, BENEFITS AND**  
**OTHER PAYMENTS TO AGENCY HEAD**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Agency Heads: Robert A. Turner, Jr. (Director of Engineering and Operations) and Derek Boese (Chief Administrative & Public Information Officer)

<b>PURPOSE</b>	<b>Robert Turner</b>	<b>Derek Boese</b>
Salary	\$ 156,607	\$ 134,550
Benefits-health insurance	12,377	18,646
Benefits-retirement	55,908	47,312
Deferred compensation	-	-
Workers comp	-	1,346
Benefits-life insurance	1,089	554
Benefits-long term disability	-	-
Benefits-Fica and Medicare	2,172	1,864
Car allowance	-	1,500
Vehicle provided by government	-	-
Cell phone	1,844	1,200
Dues	702	242
Vehicle rental	-	-
Per diem	-	-
Reimbursements	-	647
Travel	12,196	-
Registration fees	1,464	350
Conference travel	-	-
Unvouchered expenses	-	-
Meetings and conventions	-	-
Other	447	-
	<b>\$ 244,806</b>	<b>\$ 208,211</b>

*See independent auditors' report.*

**Annual Fiscal Report to the Office of the Governor,  
Division of Administration, Office of Statewide  
Reporting  
For the Year Ended June 30, 2017**

**SOUTHEAST FLOOD PROTECTION AUTHORITY – EAST**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2017**

<b>Current assets</b>	
Cash and cash equivalents	\$ 12,711,355
Investments	74,330,798
Receivables	1,480,769
Internal balances	-
Due from other governments	877,096
Inventory	319,181
Other assets	319,312
Restricted investments	9,240,161
<b>Total current assets</b>	<b>99,278,672</b>
<b>Noncurrent assets</b>	
Capital assets (net of depreciation)	
Land	36,946,737
Buildings	53,059,640
Improvements other than buildings	43,961,154
Movable property	3,749,597
Infrastructure	84,797,121
Construction in progress	31,521,659
<b>Total noncurrent assets</b>	<b>254,035,908</b>
<b>Total assets</b>	<b>353,314,580</b>
<b>DEFERRED OUTFLOWS</b>	<b>8,843,846</b>
<b>Liabilities</b>	
<b>Current liabilities</b>	
Accounts payable	1,694,696
Contracts payable	1,593,563
Accrued compensated absences	77,490
Note payable due in less than one year	1,560,538
Due to other agencies	2,223,609
Other liabilities	9,058
<b>Total current liabilities</b>	<b>7,158,954</b>
<b>Noncurrent liabilities</b>	
Accrued compensated absences	1,106,507
Accrued interest payable	410,478
Note payable due in more than one year	17,741,051
Judgement and claims payable due in more than one year	-
Post-employment benefit liability	12,469,474
Net pension liability	40,455,876
<b>Total noncurrent liabilities</b>	<b>72,183,386</b>
<b>Total liabilities</b>	<b>79,342,340</b>
<b>DEFERRED INFLOWS</b>	<b>1,381,779</b>
Net investment in capital assets	254,035,908
Restricted for:	-
Debt service	2,074,560
Capital projects	-
Unrestricted	92,414,044
<b>Total net position</b>	<b>\$ 348,524,512</b>

*The accompanying notes are an integral part of these combined financial statements.*

## SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION

For the year ended June 30,

2017

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST	\$ 53,019,509	\$ 5,889,864	\$ 165,974	\$ 1,015,701	\$ (45,947,970)
<b>GENERAL REVENUES AND EXPENSES</b>					
					52,252,875
					3,013,860
					1,512,635
					2,280,616
					97,877
					53,637
					59,211,500
					13,263,530
					(6,000,000)
					7,263,530
					341,260,982
					\$ 348,524,512

*The accompanying notes are an integral part of these combined financial statements.*



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

To the Board of Commissioners of  
Southeast Louisiana Flood Protection Authority – East and  
Non-Flood Protection Asset Management Board  
New Orleans, Louisiana

We have audited, in accordance with the 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, the combined financial statements of the governmental activities, the business-type activities, and each major fund, of the Southeast Louisiana Flood Protection Authority – East (the Authority), a component unit of the State of Louisiana, as of and for the year ended June 30, 2017, and the related notes to combined financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 14, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we identified one deficiency (2017-01) in internal control that we consider to be material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 did not disclose and instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Carly Riggs & Ingram, L.L.C.*

December 22, 2017

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

We have audited the basic financial statements of Southeast Louisiana Flood Protection Authority – East as of and for the year ended June 30, 2017. 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. Our audit of the financial statements as of June 30, 2017 resulted in an unmodified opinion.

**SECTION I: SUMMARY OF AUDITORS’ REPORT**

*a. Report on Internal Control and Compliance Material to the Financial Statements*

Internal Control:

Material Weaknesses  Yes  No

Significant Deficiencies  Yes  No

Compliance:

Noncompliance Material to Financial Statements  Yes  No

*b. Federal Awards*

A single audit was not required as the expenditure of federal awards did not exceed \$750,000.

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**2017-01: Reconciliation of Revenue Accounts**

**Classification:** Financial Statement Finding

**Condition:** The Non-Flood Protection Asset Management Authority (NFPAMA) does not have adequate policies, procedures, and related internal control regard to the reconciliation of subsidiary ledgers to the general ledger to ensure that billings, collections, and reconciliations are performed timely.

**Criteria:** The NFPAMA should have a system of internal controls to which billings, collections and reconciliations of revenue are performed and reviewed in a timely manner.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Cause:** It appeared that during the prior fiscal year, management did not take the appropriate action necessary to ensure that the billings, collections, and reconciliations were performed timely. A review of the Non Flood aging schedules would have highlighted the delinquencies thus management could have taken the necessary steps to rectify. Furthermore, an issue arose and the billing software stopped operating properly. Management made the decision not to reinstall the software. This software was an integral component to the overall financial management system. This compounded the delay in billings and collections. New management was appointed in February 2017 of the current fiscal year, and began collecting the outstanding rental fees and working on implementing proper policies, procedures, and related internal controls to ensure that billings, collections, and reconciliations are performed timely. Of the \$185,457 outstanding in Southshore Harbor’s rent receivable at June 30, 2017, \$139,548 was still outstanding as of December 5, 2017. Of the \$309,455 outstanding in Orleans Marina’s rent receivable at June 30, 2017, \$224,537 was still outstanding as of December 5, 2017.

**Effect:** This condition represents a material weakness in internal controls.

**Recommendation:** Management should regularly review controls around revenue at the Non-Flood Division and consider having an internal auditor review the controls of the entity periodically.

**Management’s Response:** As noted, new management was appointed in February 2017 and since that time there has been an aggressive pursuit of the outstanding rents. Additionally, the Non Flood Division has implemented processes that prioritize current collections to prevent any recurrence. All outstanding balances that are deemed uncollectible by NFPAMA staff will be referred to the Attorney General or the Office of Debt Recovery for action as recommended.

**SECTION III – COMPLIANCE FINDINGS**

Not applicable.

**SECTION IV – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Not applicable.



**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION II – FINDINGS RELATED TO THE FINANCIAL STATEMENT AUDIT**

2016-01        The Non-Flood Protection Asset Management Authority (NFPAMA) does not have adequate policies, procedures, and related internal control regarding the reconciliation of subsidiary ledgers to the general ledger. Partially resolved. See Finding 2017-01

2016-02        Resolved.

**SECTION III – FINDINGS RELATED TO THE AUDIT OF MAJOR FEDERAL PROGRAMS**

Not applicable.