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**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2008**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/3/08

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 CADDO LEVEE DISTRICT  
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STATE OF LOUISIANA  
 CADDO LEVEE DISTRICT  
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STATE OF LOUISIANA  
CADDO LEEVE DISTRICT  
TRANSMITTAL LETTER  
ANNUAL FINANCIAL STATEMENTS

August 14, 2008

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

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

Dear Sirs:

In accordance with Louisiana Revised Statute 24:514, enclosed are the annual financial statements for the Caddo Levee District for the year ended June 30, 2008. The report includes only funds under the control and oversight of the Caddo Levee District.

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

Sincerely,



Craig Windham  
Administrator

Enclosure

STATE OF LOUISIANA  
ANNUAL FINANCIAL STATEMENTS  
FISCAL YEAR ENDING JUNE 30, 2008

CADDO LEVEE DISTRICT

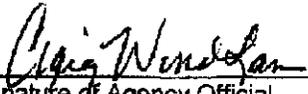
Division of Administration  
Office of Statewide Reporting  
and Accounting Policy  
P. O. Box 94095  
Baton Rouge, Louisiana 70804-9095  
1201 N. Third Street  
Claiborne Building  
8<sup>th</sup> Floor  
Suite 6-130  
Baton Rouge, LA 70802

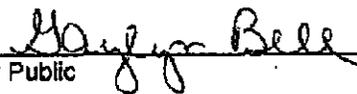
Legislative Auditor  
P. O. Box 94397  
Baton Rouge, Louisiana 70804-9397  
1600 N. Third Street  
Baton Rouge, LA 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, Craig A. Windham, Administrator of Caddo Levee District who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of Caddo Levee District at June 30, 2008 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board.

Sworn and subscribed before me, this 21<sup>st</sup> day of August, 2008.

  
\_\_\_\_\_  
Signature of Agency Official

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

Prepared by: Vickie D. Case, CPA  
Title: Partner - Cook & Morehart, CPAs  
Telephone No.: (318) 222-5415  
Date: August 14, 2008

# COOK & MOREHART

*Certified Public Accountants*

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

TRAVIS H. MOREHART, CPA  
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CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

C. BRYAN COYLE, CPA  
STUART L. REEKS, CPA

## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Caddo Levee District  
Shreveport, Louisiana

We were engaged to audit the accompanying financial statements of the governmental activities and major fund of the Caddo Levee District (the District), a component unit of the State of Louisiana, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 8 to the financial statements, management has not recorded the net pension obligation / asset in the governmental activities and has not disclosed the information required by Governmental Accounting Standards Board (GASB) Statement 50, *Pension Disclosures*, for a single employer defined benefit pension plan, in the notes to the financial statements and in required supplementary information. Accounting principles generally accepted in the United States of America require the recording and disclosure of such information. The amount by which this departure would affect the assets, liabilities, net assets, and expenses of the governmental activities is not reasonably determinable.

We were unable to obtain sufficient information to enable us to rely upon the work of the specialists who were used in determining the liability for other post-employment benefits in the governmental activities and the related disclosures in the notes to the financial statements and required supplementary information, as required by GASB Statement 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*. We were unable to satisfy ourselves about the liability for other post-employment benefits and the related disclosures in the notes to the financial statements and required supplementary information by means of other auditing procedures.

In our opinion, because of the effects of the matter discussed in the third paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of the Caddo Levee District as of June 30, 2008 or the changes in financial position thereof for the year then ended. In addition, had there not been a departure from U.S. generally accepted accounting principles as discussed in the third paragraph, we would be unable to express an opinion on the financial statements of the governmental activities as of and for the year ended June 30, 2008 because of the inability to obtain sufficient information to enable us to rely upon the work of the specialists who were used in determining the liability for other post-employment benefits in the governmental activities and the related disclosures in the notes to the financial statements and required supplementary information, as discussed in the fourth paragraph.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund of the Caddo Levee District as of June 30, 2008 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, the District implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 14, 2008, on our consideration of the Caddo Levee District'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information, and schedule of funding progress for retiree health and life plan shown on pages 5-10, 31, and 33, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Caddo Levee District's basic financial statements. The accompanying supplementary schedules on pages 29-30 and 32 and the Division of Administration reporting package listed in the table of contents and shown on pages 38-62 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Cook & Morehart  
Certified Public Accountants  
August 14, 2008

## CADDO LEVEE DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of the Caddo Levee District's financial performance presents a narrative overview and analysis of Caddo Levee District's financial activities for the year ended June 30, 2008. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the transmittal letter presented on page 1 and the Caddo Levee District's financial statements, which begin on page 11.

#### FINANCIAL HIGHLIGHTS

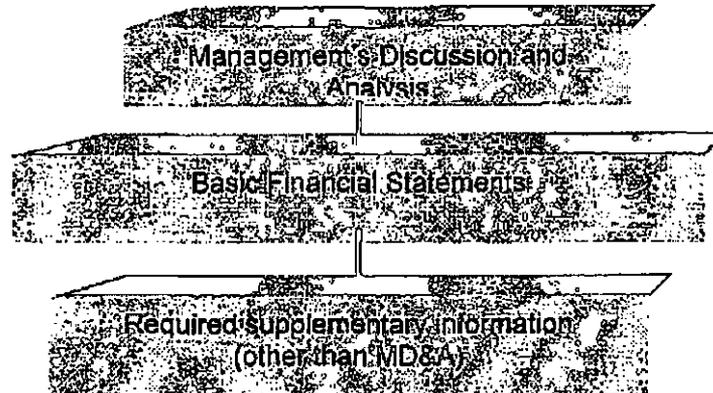
- ★ The Caddo Levee District's assets exceeded its liabilities at the close of fiscal year 2008 by \$23,168,011, which represents an 8% increase from last fiscal year.
- ★ The Caddo Levee District had cash and cash equivalents and investments of \$20,039,197 at June 30, 2008, which represents an increase of \$1,854,333 from the prior year end.
- ★ The Caddo Levee District had total revenues of \$3,576,940 for the year ended June 30, 2008, which represents an increase of \$516,983 from the previous fiscal year.
- ★ The Caddo Levee District had property tax revenues of \$736,795 for the year ended June 30, 2008, which represents an increase of \$36,336 from the previous fiscal year.
- ★ The Caddo Levee District had total expenses, excluding depreciation, of \$1,800,077 for the year ended June 30, 2008, which represents an increase of \$447,463 from the previous fiscal year.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

(Continued)

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008  
(Continued)**



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

**Basic Financial Statements**

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

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

(Continued)

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008  
(Continued)**

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

**FINANCIAL ANALYSIS OF THE ENTITY**

Statement of Net Assets  
as of June 30, 2008

	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 20,244,435	\$ 18,438,089
Capital assets, net	<u>3,155,655</u>	<u>3,189,667</u>
<b>Total Assets</b>	<b><u>\$ 23,400,090</u></b>	<b><u>\$ 21,627,756</u></b>
Current liabilities	\$ 105,739	\$ 77,499
Compensated absences payable	46,403	39,866
Other Post Employment Benefits	<u>79,937</u>	<u>-</u>
<b>Total Liabilities</b>	<b><u>232,079</u></b>	<b><u>117,365</u></b>
Net assets		
Investment in capital assets	3,155,655	3,189,667
Unrestricted	<u>20,012,356</u>	<u>18,320,724</u>
<b>Total Net Assets</b>	<b><u>23,168,011</u></b>	<b><u>21,510,391</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 23,400,090</u></b>	<b><u>\$ 21,627,756</u></b>

Net assets of the Caddo Levee District increased from the prior year by \$1,657,620 or 8%.

(Continued)

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008  
(Continued)**

Statement of Activities  
For the Year Ended June 30, 2008

	<u>2008</u>	<u>2007</u>
General government Expenses	\$( 1,919,320)	\$( 1,484,306)
Program revenues		
Operating grants and contributions	<u>          —</u>	<u>          —</u>
Subtotal	( 1,919,320)	( 1,484,306)
General revenues	<u>3,576,940</u>	<u>3,059,957</u>
Change in net assets	<u>\$ 1,657,620</u>	<u>\$ 1,575,651</u>

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2007, the Caddo Levee District had \$3,155,655, net of depreciation, invested in a broad range of capital assets (see table below). This amount represents a net decrease (including additions and deductions) of \$34,012, or 1%, from the previous year.

Capital Assets at Year-End  
(Net of Depreciation)

	<u>2008</u>	<u>2007</u>
Land	\$ 1,706,985	\$ 1,679,978
Construction in progress	18,960	—
Building and improvements	831,431	850,554
Equipment	<u>598,279</u>	<u>659,135</u>
Totals	<u>\$ 3,155,655</u>	<u>\$ 3,189,667</u>

(Continued)

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008  
(Continued)**

This year's major additions included:

Automobiles and equipment	\$ 51,945
Building and Improvements	18,960

This year's major retirements included:

Automobiles and equipment	\$ 7,564
---------------------------	----------

**Debt**

The Caddo Levee District had \$131,328 in long-term liabilities outstanding at year end compared to \$44,141 at the previous year. As described in Note 2 to the financial statements, Caddo Levee District adopted Governmental Accounting Standards Board (GASB) Statement 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*, which requires the recording of an other post employment benefit (OPEB) liability. The statement is recorded prospectively in the first year of implementation.

Outstanding Debt at Year-end

	<u>2008</u>	<u>2007</u>
Compensated absences payable	\$ 51,391	\$ 44,141
OPEB payable	<u>79,937</u>	<u>          </u>
	131,328	44,141
Due within period of availability – recorded in accounts payable	<u>( 4,988)</u>	<u>( 4,275)</u>
Total long-term liabilities, government-wide statements	<u>\$ 126,340</u>	<u>\$ 39,866</u>

More detailed information about the debt is presented in Note 7 and Note 9 to the financial statements.

(Continued)

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008  
(Continued)**

**VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS**

Actual revenues were \$1,704,992 more than budgeted amounts due to an increase in taxable property in the District and higher than expected royalties and interest during the year.

Actual expenditures were \$17,112,371 less than budgeted amounts due to the District not using the amounts budgeted for emergency construction and repairs to the levee system.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

- Ad valorem taxes
- Interest income
- Projects under consideration
- Oil and gas royalties

**CONTACTING THE CADDO LEVEE DISTRICT'S MANAGEMENT**

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

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2008**

**ASSETS****Current Assets**

Cash and cash equivalents	\$ 1,839,197
Investments	18,200,000
Accounts receivable	201,129
Prepaid expenses	4,109
<b>Total Current Assets</b>	<u>20,244,435</u>

**Noncurrent Assets**

Capital assets being depreciated, net of accumulated depreciation	1,429,710
Capital assets not being depreciated	1,725,945
<b>Total capital assets, net</b>	<u>3,155,655</u>

**Total Assets** \$ 23,400,090

**LIABILITIES AND NET ASSETS****Current Liabilities**

Accounts payable and accrued expenses	\$ 37,786
Deferred revenues	87,953
<b>Total Current Liabilities</b>	<u>105,739</u>

**Long-term Liabilities -**

Due within one year	24,938
Due in more than one year	101,402
<b>Total Long-Term Liabilities</b>	<u>126,340</u>

**Total Liabilities** 232,079

**NET ASSETS**

Investment in capital assets	3,155,655
Unrestricted	20,012,356
<b>Total Net Assets</b>	<u>23,168,011</u>

**Total Liabilities and Net Assets** \$ 23,400,090

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

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
<b>General Government</b>					
Personal services	\$ 891,036	\$	\$	\$	\$ (891,036)
Travel	7,884				(7,884)
Operating services	725,686				(725,686)
Supplies	53,952				(53,952)
Professional services	121,519				(121,519)
Depreciation	119,243				(119,243)
<b>Total General Government</b>	<u>\$ 1,919,320</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>(1,919,320)</u>
<b>General Revenues:</b>					
Taxes					736,795
State revenue sharing					29,750
Interest income					735,526
Royalties and surface leases					1,506,800
Oil and gas leases					461,364
Miscellaneous					106,705
<b>Total General Revenues</b>					<u>3,576,940</u>
<b>Change in Net Assets</b>					1,657,620
<b>Net Assets, beginning of year</b>					<u>21,510,391</u>
<b>Net Assets, end of year</b>					<u>\$ 23,168,011</u>

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

**STATE OF LOUISIANA  
CADD O LEVEE DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUND  
JUNE 30, 2008**

**ASSETS**

Cash and cash equivalents	\$ 1,839,197
Investments	18,200,000
Accounts receivable	<u>173,184</u>
<b>Total Assets</b>	<b><u>\$ 20,212,381</u></b>

**LIABILITIES AND FUND BALANCES****Liabilities**

Accounts payable and accrued expenses	\$ 37,786
Deferred revenues	<u>67,953</u>
<b>Total Liabilities</b>	<b><u>105,739</u></b>

**Fund Balance**

Unreserved	<u>20,106,642</u>
<b>Total Fund Balance</b>	<b><u>20,106,642</u></b>

<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 20,212,381</u></b>
-------------------------------------------	-----------------------------

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

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2008**

Total Fund Balances for Governmental Funds (Exhibit C) \$ 20,106,642

Total net assets reported for governmental activities in the statement of net assets is different because:

Current year revenues received more than sixty days after the close of the fiscal year are not considered available for payment of current expenditures and are not reported as receivable in the fund statements. 27,945

The non-allocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources. 4,109

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

Land	1,706,985	
Construction in process	18,960	
Buildings and building improvements, net of \$87,574 in accumulated depreciation	831,431	
Automobiles and equipment, net of \$1,055,397 in accumulated depreciation	598,279	
Total Capital Assets		3,155,655

Long-term liabilities, including compensated absences payable and post employment benefits payable are not due and payable in the current period and therefore are not reported in the fund liabilities. (126,340)

Total Net Assets of Governmental Activities (Exhibit A) \$ 23,168,011

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

**STATE OF LOUISIANA  
CADDO LEEVE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2008**

<b>REVENUES</b>	
Taxes	\$ 736,795
State revenue sharing	29,750
Interest income	788,578
Royalties and surface leases	1,506,800
Oil and gas leases	461,364
Miscellaneous	<u>106,705</u>
Total Revenues	<u>3,629,992</u>
 <b>EXPENDITURES</b>	
General government	
Personal services	804,562
Travel	7,884
Operating services	725,681
Supplies	53,952
Professional services	121,519
Capital outlay	<u>85,231</u>
Total Expenditures	<u>1,798,829</u>
Excess (Deficiency) of Revenues Over Expenditures	1,831,163
Fund Balance, beginning of year	<u>18,275,479</u>
Fund Balance, end of year	<u>\$ 20,106,642</u>

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

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008**

Net Change in Fund Balances - Total Governmental Funds (Exhibit E)	\$	1,831,163
 The change in net assets reported for governmental activities in the statement of activities is different because:		
Governmental funds do not record revenues earned during the fiscal year that will not be received within sixty days of year end as they are not considered to be available for payment of current expenditures.		(53,052)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which payments for depreciation (119,243) exceeds capital outlay (85,231) in the current period.		(34,012)
The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.		(5)
Some expenses reported in the statement of activities, such as compensated absences and post employment benefits payable, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		<u>(86,474)</u>
Total Change in Net Assets of Governmental Activities (Exhibit B)	\$	<u>1,657,620</u>

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

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008**

**INTRODUCTION**

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The Levee District is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the board members and can impose his will on the district. The accompanying general purpose financial statements present information only as to the transactions of the Caddo Levee District. Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements.

**B. Basic Financial Statements – Government-Wide Statements**

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

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

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

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

**C. Basic Financial Statements – Fund Financial Statements**

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

(Continued)

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008  
(Continued)**

The following fund types are used by the District:

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

**D. Basis of Accounting**

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. **Accrual**

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

2. **Modified Accrual**

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

**E. Budgetary Accounting**

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

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements includes the original appropriation with no amendments.

(Continued)

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008  
(Continued)**

**F. Cash, Cash Equivalents, and Investments**

*The District defines cash and cash equivalents as follows:*

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

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

Investments – Investments are limited by R.S. 33:2955 and the District's investment policy. If original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

**G. Receivables**

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

**H. Bad Debts**

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At June 30, 2008, there were no amounts considered to be uncollectible.

**I. Capital Assets**

Capital assets are carried at historical costs. Depreciation of all exhaustible fixed assets used by the District is charged as an expense against operations in the Statement of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Assets. Depreciation is computed using the straight-line method over the useful lives of the assets, generally 10 to 45 years for buildings and building improvements and 3 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewal and betterments are capitalized. The District's policy is to capitalize items with a unit cost of \$1,000 or greater. In accordance with Office of Statewide Reporting and Accounting Policy (OSRAP) guidelines, infrastructure assets are to be capitalized and depreciated over a useful life of 40 years. OSRAP has set a threshold for infrastructure assets to be capitalized at \$3,000,000 spent per entity per year. The Caddo Levee District did not have expenditures relating to infrastructure assets which met this threshold. Therefore, no infrastructure assets are recognized in the accompanying financial statements.

(Continued)

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008  
(Continued)**

**J. Compensated Absences**

District employees, both classified and unclassified, earn annual and sick leave at various rates depending on the number of years in service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, an employee is compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, the number of hours of unused sick leave is computed and considered in computing the years of service for retirement benefit purposes.

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

**K. Estimates**

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

**NOTE 2 CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended June 30, 2008, the District implemented Governmental Accounting Standards Board (GASB) Statement 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*. GASB Statement 45 requires the recording of an other post employment benefit (OPEB) liability that relates to the Town's future liability for current and future retirees and their spouses of the District for benefits other than pensions, such as medical and life insurance. The statement is recorded prospectively in the first year of implementation. Details relating to the District's OPEB liability and its calculation are provided at Note 9.

**NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS**

At June 30, 2008, the Levee District had cash, cash equivalents, and investments (book balances) totaling \$20,039,197 as detailed below:

**A. Cash and Cash Equivalents**

Cash and cash equivalents at June 30, 2008 (book balances) totaled \$1,839,197. These deposits are stated at costs, which approximate market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

**B. Investments**

At June 30, 2008, the Levee District had investments totaling \$18,200,000 consisting of certificates of deposit with initial maturities greater than 90 days. The certificates of deposit are carried at cost, which approximates market.

(Continued)

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008  
(Continued)**

**C. Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2008, \$19,888,052 of the District's bank balances totaling \$20,088,052 were exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's trust department not in the District's name:

Cash and cash equivalents	\$ 488,052
Certificates of deposit	<u>19,400,000</u>
	<u>\$ 19,888,052</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, as amended by GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the clerk that the fiscal agent has failed to pay deposited funds upon demand.

**NOTE 4 ACCOUNTS RECEIVABLE**

The following is a summary of accounts receivable at June 30, 2008:

<u>Class of Receivable</u>	
Interest	\$ 14,698
Royalties and leases	152,887
Ad Valorem	<u>5,599</u>
Total – fund statements	<u>173,184</u>
Reconciliation of balances in fund statements to government-wide statements:	
Interest	<u>27,945</u>
Total – government-wide statements	<u>\$ 201,129</u>

(Continued)

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008  
(Continued)**

**NOTE 5 CAPITAL ASSETS**

A summary of the Caddo Levee District's capital assets at June 30, 2008 follows:

	Balance June 30, 2007	Additions	Retirements	Balance June 30, 2008
<b>Capital Assets, not being depreciated</b>				
Land	\$ 1,679,978	\$ 27,007	\$ -	\$ 1,706,985
Construction in progress	<u>-</u>	<u>18,960</u>	<u>-</u>	<u>18,960</u>
Total Capital Assets, not being depreciated	<u>1,679,978</u>	<u>45,967</u>	<u>-</u>	<u>1,725,945</u>
<b>Capital Assets, being depreciated</b>				
Buildings and building improvements	919,005	-	-	919,005
Less accumulated depreciation	<u>( 68,451)</u>	<u>( 19,123)</u>	<u>-</u>	<u>( 87,574)</u>
Total buildings and building improvements	<u>850,554</u>	<u>( 19,123)</u>	<u>-</u>	<u>831,431</u>
Automobiles and equipment	1,621,976	39,264	( 7,564)	1,653,676
Less accumulated depreciation	<u>( 962,841)</u>	<u>( 100,120)</u>	<u>7,564</u>	<u>( 1,055,397)</u>
Total automobiles and equipment	<u>659,135</u>	<u>( 60,856)</u>	<u>-</u>	<u>598,279</u>
Total Capital Assets, being depreciated	<u>1,509,689</u>	<u>( 79,979)</u>	<u>-</u>	<u>1,429,710</u>
<b>Total Capital Assets, net</b>	<u>\$ 3,189,667</u>	<u>\$( 34,012)</u>	<u>\$ -</u>	<u>\$ 3,155,655</u>

**NOTE 6 ACCOUNTS PAYABLE**

The following is a summary of accounts payable at June 30, 2008:

<u>Class of Payable</u>	
Accounts	\$ 11,108
Salaries	18,168
Payroll taxes	3,522
Compensated absences	<u>4,988</u>
Total	<u>\$ 37,786</u>

(Continued)

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008  
(Continued)**

**NOTE 7 LONG-TERM LIABILITIES**

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2008:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Compensated Absences	\$ 44,141	\$ 38,167	\$( 30,917)	\$ 51,391	\$ 29,926
OPEB Payable	-	115,900	( 35,963)	79,937	-
	<u>\$ 44,141</u>	<u>\$ 154,067</u>	<u>\$( 66,880)</u>	<u>\$ 131,328</u>	<u>\$ 29,926</u>
Less amounts due within period of availability— recorded in accounts payable				<u>( 4,988)</u>	<u>( 4,988)</u>
Total long-term liabilities, government-wide statements				<u>\$ 126,340</u>	<u>\$ 24,938</u>

**NOTE 8 RETIREMENT SYSTEM**

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

All full-time Caddo Levee District employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 76 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only one single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2007 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and is also available on-line at: [http://www.lasers.state.la.us/PDFs/Publications and Reports/Fiscal Documents/Comprehensive Financial Reports/Comprehensive%20Financial%20Reports\\_07.pdf](http://www.lasers.state.la.us/PDFs/Publications%20and%20Reports/Fiscal%20Documents/Comprehensive%20Financial%20Reports_07.pdf)

(Continued)

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008  
(Continued)**

Members hired before July 1, 2006 and after July 1, 2006, are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% and 8.0%, respectively, of gross salary, and the District is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rates for the fiscal years ending June 30, 2008, 2007 and 2006 were 20.4%, 19.1%, and 19.1%, respectively. The District's contributions to the System for the years ending June 30, 2008, 2007, and 2006 were \$117,172, \$93,796, and \$97,323 respectively, equal to the required contributions for each year.

Information needed to record the net pension obligation / asset and to prepare additional disclosures, including required supplementary information, required by Governmental Accounting Standards Board (GASB) Statement 50, *Pension Disclosures*, for a single employer defined benefit pension plan was not available.

**NOTE 9 POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

***Plan description***

The District's employees may participate in the State's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The Office of Group Benefits administers the plan. LRS 42:801-883 provides the authority to establish and amend benefit provisions of the plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in 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.gov/osrap](http://www.doa.la.gov/osrap).

***Funding Policy***

The contribution requirements of plan members and the State are established and may be amended by LRS 42:801-883. Employees do not contribute to their postemployment benefits 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 Office of Group Benefits offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Exclusive Provider Organization (EPO) plan and the Health Maintenance Organization (HMO) plan. Retired employees who have Medicare Part A and Part B coverage also have access to two OGB Medicare Advantage plans which includes one HMO plan and one private fee-for-service (PFFS) plan. Depending upon the plan selected, during fiscal year 2008, employee premiums for a single member receiving benefits range from \$34 to \$92 per month for retiree-only coverage with Medicare or from \$126 to \$170 per month for retiree-only coverage without Medicare. The fiscal year 2008 premiums for a retiree and spouse range from \$69 to \$165 per month for those with Medicare or from \$408 to \$493 per month for those without Medicare.

The plan is currently financed on a pay as you go basis, with the District contributing anywhere from \$103 to \$237 per month for retiree-only coverage with Medicare or from \$809 to \$842 per month for retiree-only coverage without Medicare during fiscal year 2008. Also, the District's contributions range from \$207 to \$427 per month for retiree and spouse with Medicare or \$1,242 to \$1,293 for retiree and spouse without Medicare.

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life and Employee Accidental Death and Dismemberment coverage, which is underwritten by The Prudential Insurance Company of America. The total premium is approximately \$1 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.

(Continued)

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008  
(Continued)**

**Annual OPEB Cost**

The District's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the fiscal year beginning July 1, 2007 is \$115,900 as set forth below (dollar amount in thousands):

Normal Cost	\$ 48,700
30-year UAL amortization amount	67,200
Interest on the above	<u>0</u>
Annual required contribution (ARC)	\$ 115,900

The following table presents the District's OPEB Obligation for the fiscal year 2008, (dollar amount in thousands):

Beginning Net OPEB Obligation July 1, 2007	\$ 0
Annual required contribution.....	115,900
Interest on Net OPEB Obligation	0
ARC Adjustment	<u>0</u>
OPEB Cost	115,900
Contributions made.....	0
Retiree costs	35,963
Change in Net OPEB Obligation	79,937
Ending Net OPEB Obligation June 30, 2008	\$ 79,937

The following table reflects the LA OPEB's Fund annual postemployment benefits cost, percentage of that cost contributed, and the net unfunded postemployment obligation at the end of the year (amounts in thousands). Since this fiscal year is the first fiscal year for which GASB 45 is applicable for the State, no information for prior years is presented.

Utilizing the pay-as-you-go method, the State contributed 31% of the annual post employment benefits cost during 2008.

**Funded Status and Funding Progress**

In fiscal year ended June 30, 2008, the State made no contributions to its post employment benefits plan trust. A trust was established during fiscal year 2008, but was not funded at all, has no assets, and hence has a funded ratio of zero. Since the plan was not funded, the entire actuarial accrued liability was unfunded.

The funded status of the plan as of July 1, 2007, was as follows (in thousands):

Actuarial accrued liability (AAL)	\$ 1,842,400
Actuarial value of plan assets	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	1,842,400
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 586,816
UAAL as a percentage of covered payroll	280%

(Continued)

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008  
(Continued)**

***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, presented as required supplementary information following the notes to the financial statements, will, in the future, present multiyear 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 consistent with the long-term perspective of the calculations.

In the July 1, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 9.5% and 10.6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The actuarial assumptions also include a payroll growth of 3% per annum. The District's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2007, was thirty years.

**NOTE 10 RISK MANAGEMENT**

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

**NOTE 11 DEFERRED REVENUE**

Deferred revenue of \$67,953 represents payments received for surface leases for periods subsequent to June 30, 2008.

**NOTE 12 LEVEE DISTRICT TAXES**

Article 6, Section 39 of the Louisiana Constitution of 1974 provides that, for the purpose of constructing and maintaining levees, levee drainage, flood protection, hurricane flood protection, and for all other purposes incidental thereto, the levee district may annually levy a tax not to exceed 3.64 mills. If the levee district needs to raise additional funds in excess of the amount collected constitutionally, the taxes in excess of 3.64 mills must be approved by the majority of the vote of the electors. Ad valorem taxes are assessed on a calendar year basis, become due November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January of the ensuing year. The levee district has levied a tax of 3.21 mills.

(Continued)

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008  
(Continued)**

**NOTE 13 DEFERRED COMPENSATION PLAN**

During 2002, the District began participating in a deferred compensation plan in accordance with the Internal Revenue Code Section 457 (Section 457 Plan). Under Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, plans that meet the criteria in NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles*, should be reported as an expendable trust fund in the financial statements of the government. Because the District's Section 457 Plan does not meet this criteria, the balances in assets and liabilities were not presented in the financial statements of the District. The District's contribution to the Section 457 Plan was \$21,434 for the year ended June 30, 2008.

**NOTE 14 SURFACE LEASE RENTALS**

The District has entered into several surface lease rental agreements which provide rental income to the District. Payments on these leases are due annually. Leases are cancellable at any time by either party to the lease. Rental income for the year ended June 30, 2008 was approximately \$123,840.

**SUPPLEMENTAL SCHEDULES**

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
SCHEDULE OF PER DIEM PAID BOARD MEMBERS  
FOR THE YEAR ENDED JUNE 30, 2008**

<u>Commissioners</u>	
James G. Adger	\$ 1,425
James B. Harris	900
Carolyn C. Prator	450
Andrew J. Hodges, III	750
Dan P. Logan, Jr.	975
Willie Washington	975
Jon E. Saye	1,050
Harold White	<u>1,275</u>
Total	<u>\$ 7,800</u>

The schedule of compensation paid board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Per diem payments are authorized by Louisiana Revised Statute 38:308 and are included in the personal services expenses. Board members are paid \$75 per day to a maximum of 36 days per year for board meetings and/or official business. The board president may receive compensation not to exceed \$1,000 per month in lieu of per diem.

STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
SCHEDULE OF STATE FUNDING  
FOR THE YEAR ENDED JUNE 30, 2008

DESCRIPTION OF FUNDING

State Revenue Sharing	\$ <u>29,750</u>
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**STATE OF LOUISIANA  
CADD O LEVEE DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS  
BUDGET (GAAP) BASIS AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2008**

	Budget - Original and Final	Actual	Variance Fav./ (Unfav.)
<b>REVENUES</b>			
Taxes	\$ 500,000	\$ 736,795	\$ 236,795
State revenue sharing	25,000	29,750	4,750
Interest income	800,000	788,578	188,578
Royalties, leases and timber sales	750,000	1,506,800	756,800
Miscellaneous	50,000	568,069	518,069
<b>Total Revenues</b>	<b>1,925,000</b>	<b>3,629,992</b>	<b>1,704,992</b>
<b>EXPENDITURES</b>			
General government			
Personal services	939,900	804,562	135,338
Travel	16,000	7,884	8,116
Operating services	15,990,300	725,681	15,264,619
Supplies	775,000	53,952	721,048
Professional services	210,000	121,519	88,481
Capital outlay	980,000	85,231	894,769
<b>Total Expenditures</b>	<b>18,911,200</b>	<b>1,798,829</b>	<b>17,112,371</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(16,986,200)</b>	<b>1,831,163</b>	<b>18,817,363</b>
<b>Fund Balance, beginning of year</b>	<b>16,986,200</b>	<b>18,275,479</b>	<b>1,289,279</b>
<b>Fund Balance, end of year</b>	<b>\$</b>	<b>\$ 20,106,642</b>	<b>\$ 20,106,642</b>

STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008

SECTION #1

SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

- |                                                                                  |                      |
|----------------------------------------------------------------------------------|----------------------|
| 1. Type of auditors' report issued.                                              | Adverse              |
| 2. Internal control over financial reporting:                                    |                      |
| a) Material weaknesses identified?                                               | None                 |
| b) Significant deficiencies identified not considered to be material weaknesses? | 2008-1 – see page 37 |
| c) Noncompliance material to the financial statements noted?                     | None                 |

**STATE OF LOUISIANA  
CADDO LEEVE DISTRICT  
SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH AND LIFE PLAN  
FOR THE YEAR ENDED JUNE 30, 2008**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Projected Unit Cost</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
	<b>(a)</b>	<b>(b)</b>	<b>(b-a)</b>	<b>(a/b)</b>	<b>(c)</b>	<b>[(b-a)/c]</b>
6/30/07	0	\$1,642,400	\$1,642,400	0	\$586,816	280%

# COOK & MOREHART

*Certified Public Accountants*

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SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners  
Caddo Levee District  
Shreveport, Louisiana

We have audited the accompanying financial statements of the governmental activities and major fund of the Caddo Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 14, 2008. 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Caddo Levee District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Caddo Levee District's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the Caddo Levee District's internal over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organizations' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organizations' financial statements that is more than inconsequential will not be prevented or detected by the organizations' internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2008-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organizations' internal control.

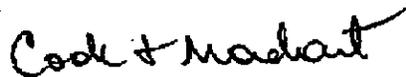
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Caddo Levee District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Caddo Levee District's response to the finding identified in our audit is described in the accompanying corrective action plan for current year audit findings. We did not audit Caddo Levee District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Caddo Levee District and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than the specified parties.



Cook & Morehart  
Certified Public Accountants  
August 14, 2008

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2008**

There was one significant deficiency for the prior year audit period ended June 30, 2007, as described below.

**2007-1 Financial Statement Preparation**

*Condition:* As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the District's annual financial statements. This condition is intentional by management based upon the District's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Recently issued Statement on Auditing Standards (SAS) 112 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

*Current Status:* See condition 2008-1 in current year audit.

There were no management letter comments for the prior year audit period ended June 30, 2007.

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2008**

There are no management letter comments for the current year audit for the year ended June 30, 2008. There is one significant deficiency for the current year audit for the year ended June 30, 2008, as follows:

**2008-1 Financial Statement Preparation**

*Condition:* As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the District's annual financial statements. This condition is intentional by management based upon the District's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Recently issued Statement on Auditing Standards (SAS) 112 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

*Recommendation:* As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 112's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 112. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

*Management's Response:* In response to the finding, management feels that it is a prudent use of public funds to engage the auditor to prepare the District's annual financial reports. We therefore agree with the auditor's recommendation that no correction action is necessary.

**DIVISION OF ADMINISTRATION REPORTING PACKAGE**

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008**

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

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
BALANCE SHEET  
AS OF JUNE 30, 2008**

<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 1,839,197
Investments	18,200,000
Accounts receivable	201,129
Prepaid expenses	4,109
Total Current Assets	<u>20,244,435</u>
<b>Noncurrent Assets</b>	
Capital assets being depreciated, net of accumulated depreciation	1,429,710
Capital assets not being depreciated	1,725,945
Total capital assets, net	<u>3,155,655</u>
<b>Total Assets</b>	<u><u>\$ 23,400,090</u></u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>Current Liabilities</b>	
Accounts payable and accrued expenses	\$ 37,786
Deferred revenues	67,953
Total Current Liabilities	<u>105,739</u>
<b>Long-Term Liabilities</b>	
Due within one year	24,938
Due in more than one year	101,402
Total Long-Term Liabilities	<u>126,340</u>
<b>Total Liabilities</b>	<u>232,079</u>
<b>NET ASSETS</b>	
Investment in capital assets	3,155,655
Unrestricted	20,012,356
Total Net Assets	<u>23,168,011</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 23,400,090</u></u>

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

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2008**

<b>OPERATING REVENUES</b>	
Operating grants and contributions	\$ _____
<b>Total Operating Revenues</b>	<b>_____</b>
 <b>OPERATING EXPENSES</b>	
Personal services	891,036
Travel	7,884
Operating services	725,686
Supplies	53,952
Professional services	121,519
Depreciation	119,243
<b>Total Operating Expenses</b>	<b>1,919,320</b>
<b>Operating Income (Loss)</b>	<b>(1,919,320)</b>
 <b>NON-OPERATING REVENUES (EXPENSES)</b>	
Taxes	736,795
State revenue sharing	29,750
Interest income	735,526
Royalties and surface leases	1,506,800
Oil and gas leases	461,364
Miscellaneous	106,705
<b>Total Non-Operating Revenues (Expenses)</b>	<b>3,576,940</b>
<b>Change in Net Assets</b>	<b>1,657,620</b>
<b>Total Net Assets, Beginning of Year</b>	<b>21,510,391</b>
<b>Total Net Assets, End of Year</b>	<b>\$ 23,168,011</b>

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

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Caddo Levee District	<u>\$ 1,919,320</u>	<u>\$</u>	<u>\$</u>	<u>\$ (1,919,320)</u>
<b>General Revenues:</b>				
Taxes				736,795
State revenue sharing				29,750
Interest income				735,526
Royalties and surface leases				1,506,800
Oil and gas leases				461,364
Miscellaneous				<u>106,705</u>
Total General Revenues				<u>3,576,940</u>
Change in Net Assets				1,657,620
Net Assets, Beginning of Year				<u>21,510,391</u>
Net Assets, End of Year				<u>\$ 23,168,011</u>

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2008**

<b>Cash Flows From Operating Activities</b>	
Cash payments to suppliers for goods and services	\$ (900,330)
Cash payments to employees for services	(797,094)
Net Cash From Operating Activities	<u>(1,697,424)</u>
<b>Cash Flows From Non-Capital Financing Activities</b>	
Cash receipts of taxes	731,196
Cash receipts of state revenue sharing	29,750
Cash receipts of royalties and leases	1,450,599
Cash receipts of miscellaneous revenues	568,069
Net Cash From Non-Capital Financing Activities	<u>2,779,614</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Acquisition/construction of capital assets	(85,231)
Net Cash From Capital and Related Financing Activities	<u>(85,231)</u>
<b>Cash Flow From Investing Activities</b>	
Cash payments for purchase of investments	(7,750,000)
Interest income	857,374
Net Cash From Investing Activities	<u>(6,892,626)</u>
Net increase (decrease) in cash and cash equivalents	(5,895,667)
Cash, Beginning of year	<u>7,734,864</u>
Cash, End of year	<u>\$ 1,839,197</u>
<b>Reconciliation of Operating Loss to Net Cash Provided</b>	
By/(Used In) Operating Activities	
Operating income (loss)	\$ (1,919,320)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities	
Depreciation expense	119,243
Prepaid expenses	5
Accounts payable and accruals	16,174
Compensated absences	6,537
Other post-employment benefits	79,937
Net Cash Flows From Operating Activities	<u>\$ (1,697,424)</u>

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**INTRODUCTION**

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

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

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

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Caddo Levee District are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

**Revenue Recognition**

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

**Expense Recognition**

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

(Continued)

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008  
(Continued)**

**B. BUDGETARY ACCOUNTING**

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

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

	APPROPRIATIONS
Original approved budget	\$ 16,986,200
Amendments:	<hr style="width: 100%; border: 0.5px solid black;"/>
Final approved budget	\$ <u>16,986,200</u>

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

**1. DEPOSITS WITH FINANCIAL INSTITUTIONS**

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

For the purpose of the Statement of Cash Flows and balance sheet preparation, all highly liquid investments (including negotiable CD's and restricted cash and cash equivalents) and deposits (including nonnegotiable CD's and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

*Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.*

(Continued)

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008  
(Continued)**

GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by the three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2008, consisted of the following:

	<u>Deposits in bank accounts</u>			<u>Total</u>
	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	
Balance per agency books	<u>\$ 539,197</u>	<u>\$ 19,500,000</u>	<u>\$ _____</u>	<u>\$ 20,039,197</u>
Deposits in bank accounts per bank	<u>\$ 588,052</u>	<u>\$ 19,500,000</u>	<u>\$ _____</u>	<u>\$ 20,088,052</u>
Bank balances of deposits exposed to custodial credit risk				
a. Deposits not insured and uncollateralized	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>
b. Deposits not insured and collateralized with securities held by the pledging institution	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>
c. Deposits not insured and collateralized with securities, held by the pledging institution's trust department or agency <u>but</u> <u>not in the entity's name</u>	<u>488,052</u>	<u>19,400,000</u>	<u>_____</u>	<u>19,888,052</u>

NOTE: The "Deposits in bank accounts per bank" will not necessarily equal the "Balance per agency books" due to outstanding items.

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

1. Bancorp South	General Funds	\$ 588,052
2. Capital One	General Funds	<u>19,500,000</u>
Total		<u>\$20,088,052</u>

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

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

(Continued)

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008  
(Continued)**

**D. CAPITAL ASSETS**

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

	Year ended June 30, 2008				Balance 6/30/2008
	Balance 6/30/2007	Additions	Transfers	Retirements	
Capital assets not being depreciated					
Land	\$ 1,679,978	\$ 27,007	\$	\$	\$ 1,679,978
Construction in progress		18,960			18,960
Total capital assets not being depreciated	<u>\$ 1,679,978</u>	<u>\$ 45,967</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,725,945</u>
Other capital assets					
Furniture, fixtures, and equipment	\$ 1,621,976	\$ 39,264	\$	\$( 7,564)	\$ 1,653,676
Less accumulated depreciation	( 962,841)	( 100,120)		7,564	( 1,055,397)
Total furniture, fixtures, and equipment	<u>659,135</u>	<u>( 60,856)</u>			<u>598,279</u>
Buildings and improvements	919,005			( )	919,005
Less accumulated depreciation	( 68,451)	( 19,123)			( 87,574)
Total buildings and improvements	<u>850,554</u>	<u>( 19,123)</u>		<u>( )</u>	<u>831,431</u>
Total other capital assets	<u>\$ 1,509,689</u>	<u>\$ ( 79,979)</u>	<u>\$</u>	<u>\$ ( )</u>	<u>\$ 1,429,710</u>
Capital Asset Summary:					
Capital assets not being depreciated	\$ 1,679,978	\$ 45,967	\$( )	\$	\$ 1,725,945
Other capital assets, at cost	<u>2,540,981</u>	<u>39,264</u>		<u>( )</u>	<u>2,572,681</u>
Total cost of capital assets	4,220,959	85,231		( )	4,298,826
Less accumulated depreciation	<u>(1,031,292)</u>	<u>( 119,243)</u>			<u>(1,142,971)</u>
Capital assets, net	<u>\$ 3,189,667</u>	<u>\$ ( 34,012)</u>	<u>\$</u>	<u>\$ ( )</u>	<u>\$ 3,155,655</u>

**E. INVENTORIES**

N/A

(Continued)

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008  
(Continued)**

**F. RESTRICTED ASSETS**

N/A

**G. LEAVE**

**COMPENSATED ABSENCES**

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

District employees, both classified and unclassified, earn annual and sick leave at various rates depending on the number of years in service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, an employee is compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, the number of hours of unused sick leave is computed and considered in computing the years of service for retirement benefit purposes.

The cost leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

**H. RETIREMENT SYSTEM**

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

All full-time Caddo Levee District employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only one single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2007 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and is also available on-line at: [http://www.lasers.state.la.us/PDFs/Publications and Reports/Fiscal Documents/Comprehensive Financial Reports/Comprehensive%20Financial%20Reports\\_07.pdf](http://www.lasers.state.la.us/PDFs/Publications and Reports/Fiscal Documents/Comprehensive Financial Reports/Comprehensive%20Financial%20Reports_07.pdf)

(Continued)

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008  
(Continued)**

Members hired before July 1, 2006 and after July 1, 2006, are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% and 8.0%, respectively, of gross salary, and the District is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rates for the fiscal years ending June 30, 2008, 2007 and 2006 were 20.4%, 19.1%, and 19.1%, respectively. The District's contributions to the System for the years ending June 30, 2008, 2007, and 2006 were \$117,172, \$93,796, and \$97,323 respectively, equal to the required contributions for each year.

**I. OTHER POST EMPLOYMENT BENEFITS**

***Plan description***

The District's employees may participate in the State's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The Office of Group Benefits administers the plan. LRS 42:801-883 provides the authority to establish and amend benefit provisions of the plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in 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.gov/osrap](http://www.doa.la.gov/osrap).

***Funding Policy***

The contribution requirements of plan members and the State are established and may be amended by LRS 42:801-883. Employees do not contribute to their postemployment benefits 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 Office of Group Benefits offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Exclusive Provider Organization (EPO) plan and the Health Maintenance Organization (HMO) plan. Retired employees who have Medicare Part A and Part B coverage also have access to two OGB Medicare Advantage plans which includes one HMO plan and one private fee-for-service (PFFS) plan. Depending upon the plan selected, during fiscal year 2008, employee premiums for a single member receiving benefits range from \$34 to \$92 per month for retiree-only coverage with Medicare or from \$126 to \$170 per month for retiree-only coverage without Medicare. The fiscal year 2008 premiums for a retiree and spouse range from \$69 to \$165 per month for those with Medicare or from \$408 to \$493 per month for those without Medicare.

The plan is currently financed on a pay as you go basis, with the District contributing anywhere from \$103 to \$237 per month for retiree-only coverage with Medicare or from \$809 to \$842 per month for retiree-only coverage without Medicare during fiscal year 2008. Also, the District's contributions range from \$207 to \$427 per month for retiree and spouse with Medicare or \$1,242 to \$1,293 for retiree and spouse without Medicare.

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life and Employee Accidental Death and Dismemberment coverage, which is underwritten by The Prudential Insurance Company of America. The total premium is approximately \$1 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.

(Continued)

**STATE OF LOUISIANA  
CADD O LEVEE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008  
(Continued)**

**Annual OPEB Cost**

The District's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the fiscal year beginning July 1, 2007 is \$115,900 as set forth below (dollar amount in thousands):

Normal Cost	\$ 48,700
30-year UAL amortization amount	67,200
Interest on the above	<u>0</u>
Annual required contribution (ARC)	\$ 115,900

The following table presents the District's OPEB Obligation for the fiscal year 2008, (dollar amount in thousands):

Beginning Net OPEB Obligation July 1, 2007	\$ 0
Annual required contribution.....	115,900
Interest on Net OPEB Obligation	0
ARC Adjustment	<u>0</u>
OPEB Cost	115,900
Contributions made.....	0
Retiree costs	35,963
Change in Net OPEB Obligation	79,937
 Ending Net OPEB Obligation June 30, 2008	 \$ 79,937

The following table reflects the LA OPEB's Fund annual postemployment benefits cost, percentage of that cost contributed, and the net unfunded postemployment obligation at the end of the year (amounts in thousands). Since this fiscal year is the first fiscal year for which GASB 45 is applicable for the State, no information for prior years is presented.

Utilizing the pay-as-you-go method, the State contributed 31% of the annual post employment benefits cost during 2008.

**Funding Status and Funding Progress**

In fiscal year ended June 30, 2008, the State made no contributions to its post employment benefits plan trust. A trust was established during fiscal year 2008, but was not funded at all, has no assets, and hence has a funded ratio of zero. Since the plan was not funded, the entire actuarial accrued liability was unfunded.

(Continued)

**STATE OF LOUISIANA  
CADD O LEVEE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008  
(Continued)**

The funded status of the plan as of July 1, 2007, was as follows (in thousands):

Actuarial accrued liability (AAL)	\$ 1,642,400
Actuarial value of plan assets	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	1,642,400
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 586,816
UAAL as a percentage of covered payroll	280%

**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, presented as required supplementary information following the notes to the financial statements, will, in the future, present multiyear 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 consistent with the long-term perspective of the calculations.

In the July 1, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 9.5% and 10.6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The actuarial assumptions also include a payroll growth of 3% per annum. The District's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2007, was thirty years.

Required Supplementary Information  
Schedule of Funding Progress for OPEB Plan (in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Cost	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
6/30/07	0	\$1,642,400	\$1,642,400	0	\$586,816	280%

(Continued)

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008  
(Continued)**

**J. LEASES**

The District has entered into several surface lease rental agreements which provide rental income to the District. Payments on these leases are due annually. Leases are cancellable at any time by either party to the lease. Rental income for the year ended June 30, 2008 was approximately \$123,840. The cost and carrying value of land on lease is approximately \$520,538.

**K. LONG-TERM LIABILITIES**

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2008:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Compensated Absences	\$ 44,141	\$ 38,167	\$( 30,917)	\$ 51,391	\$ 29,926
OPEB Payable	-	115,900	( 35,963)	79,937	-
	<u>\$ 44,141</u>	<u>\$ 154,067</u>	<u>\$( 66,880)</u>	<u>\$ 131,328</u>	<u>\$ 29,926</u>
Less amounts due within period of availability- recorded in accounts payable				( 4,988)	( 4,988)
Total long-term liabilities, government-wide statements				<u>\$ 126,340</u>	<u>\$ 24,938</u>

**L. CONTINGENT LIABILITIES**

There was no outstanding litigation against the Caddo Levee District at June 30, 2008.

**M. RELATED PARTY TRANSACTIONS**

N/A

**N. ACCOUNTING CHANGES**

For the year ended June 30, 2008, the District implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*. GASB Statement 45 requires the recording of an other post employment benefit (OPEB) liability that relates to the Town's future liability for current and future retirees and their spouses of the District for benefits other than pensions, such as medical and life insurance. The statement is recorded prospectively in the first year of implementation. Details relating to the District's OPEB liability and its calculation are provided at Note I.

**O. IN-KIND CONTRIBUTIONS**

N/A

**P. DEFEASED ISSUES**

N/A

(Continued)

STATE OF LOUISIANA  
 CADDO LEVEE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2008  
 (Continued)

**Q. REVENUES – PLEDGED OR SOLD**

N/A

**R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)**

N/A

**S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS**

N/A

**T. SHORT-TERM DEBT**

N/A

**U. DISAGGREGATION OF RECEIVABLE BALANCES**

The following is a summary of accounts receivable at June 30, 2008:

<u>Class of Receivable</u>	
Interest	\$ 14,698
Royalties and leases	152,887
Ad Valorem	<u>5,599</u>
 Total – fund statements	 <u>173,184</u>
 Reconciliation of balances in fund statements to government-wide statements:	
Interest	<u>27,945</u>
 Total – government-wide statements	 <u>\$ 201,129</u>

**V. DISAGGREGATION OF PAYABLE BALANCES**

Payables at June 30, 2008, were as follows:

<u>Class of Payable</u>	
Accounts	\$ 11,108
Salaries and benefits	18,168
Payroll taxes	3,522
Compensated absences	<u>4,988</u>
 Total	 <u>\$ 37,786</u>

**W. SUBSEQUENT EVENTS**

N/A

**X. SEGMENT INFORMATION**

N/A

(Continued)

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008  
(Continued)**

**Y. DUE TO/DUE FROM AND TRANSFERS**

N/A

**Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS**

N/A

**AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS**

N/A

**BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46)**

N/A

**CC. IMPAIRMENT OF CAPITAL ASSETS**

N/A

**DD. EMPLOYEE TERMINATION BENEFITS**

N/A

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
SCHEDULE OF PER DIEM PAID BOARD MEMBERS  
FOR THE YEAR ENDED JUNE 30, 2008**

<u>Commissioners</u>	
James G. Adger	\$ 1,425
James B. Harris	900
Carolyn C. Prator	450
Andrew J. Hodges, III	750
Dan P. Logan, Jr.	975
Willie Washington	975
Jon E. Saye	1,050
Harold White	<u>1,275</u>
Total	<u>\$ 7,800</u>

The schedule of compensation paid board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Per diem payments are authorized by Louisiana Revised Statute 38:308 and are included in the personal services expenses. Board members are paid \$75 per day to a maximum of 36 days per year for board meetings and/or official business. The board president may receive compensation not to exceed \$1,000 per month in lieu of per diem.

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
SCHEDULE OF NOTES PAYABLE  
JUNE 30, 2008**

NONE

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
SCHEDULE OF BONDS PAYABLE  
JUNE 30, 2008**

NONE

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
SCHEDULE OF CAPITAL LEASE AMORTIZATION  
FOR THE YEAR ENDED JUNE 30, 2008**

NONE

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
SCHEDULE OF NOTES PAYABLE AMORTIZATION  
FOR THE YEAR ENDED JUNE 30, 2008**

NONE

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
SCHEDULE OF BONDS PAYABLE AMORTIZATION  
FOR THE YEAR ENDED JUNE 30, 2008**

NONE

**STATE OF LOUISIANA  
CADDO LEEVE DISTRICT  
COMPARISON FIGURES  
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>2008</u>	<u>2007</u>	<u>Difference</u>	<u>Percentage Change</u>
1. Revenues	\$ 3,576,940	\$ 3,059,957	\$ 516,983	17%
Expenses	1,919,320	1,484,306	435,014	29%
2. Capital assets	3,155,655	3,189,667	( 34,012)	1%
Long-term debt	-	-	-	-
Net Assets	23,168,011	21,510,391	1,657,620	8%

**Explanation for change:** For 2008, the Levee District received a significant amount of royalties and completed repairs on two floodgates.

**STATE OF LOUISIANA  
CADDO LEVEE DISTRICT  
SCHEDULE OF COOPERATIVE ENDEAVORS  
FOR THE YEAR ENDED JUNE 30, 2008**

NONE