

9999

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009
Phone (504) 837-9116 • Fax (504) 837-0123 • www.rebowe.com

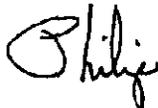
November 6, 2009

Ms. Nancy Clement
Senior Analyst
Louisiana Legislative Auditor

Dear Ms. Clement:

Enclosed please find the revised audit report for the Southeast Louisiana Flood Protection Authority – East for the year ended June 30, 2009. The revisions to this report included corrections to the GASB 45 Disclosure regarding Other Post-Employment Liabilities in amount and disclosure as well as corrections to the Annual Financial Report's Note D – Fixed Assets.

Sincerely,



Philip W. Rebowe, CPA, CFE, CFSA

PWR/ss
Enclosure

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 11/11/09

REISSUE

**SOUTHEAST LOUISIANA FLOOD
PROTECTION AUTHORITY - EAST**

FINANCIAL REPORT

June 30, 2009

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA**

Basic Financial Statements and
Independent Auditor's Reports
As of and for the Year Ended June 30, 2009

CONTENTS

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditor's Report on the Financial Statements	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Combined Statement of Net Assets	9
Combined Statement of Activities	10
Fund Financial Statements:	
Combined Balance Sheet-Governmental Funds	11
Combined Reconciliation of the Governmental Funds Balance Sheet to the Combined Statement of Net Assets	12
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds	13
Combined Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund.....	15
Supplemental Schedules:	
Statement of Net Assets – Proprietary Funds	16
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds.....	17
Statement of Cash Flows – Proprietary Funds.....	18

CONTENTS (CONT'D)

	<u>Page</u>
Supplementary Schedule of Surveys, Feasibility Studies, and Special Studies	19
Notes to the Financial Statements	20
Annual Fiscal Report to the Office of Governor, Division of Administration, Office of Statewide Reporting And Accounting Policy, as of and for the Year Ended June 30, 2009.....	i

FINANCIAL SECTION

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P O. Box 6952 • Metairie, LA 70009

Phone (504) 837-9116 • Fax (504) 837-0123 • www.rebowe.com

INDEPENDENT AUDITOR'S REPORT

Southeast Louisiana Flood Protection Authority – East
New Orleans, Louisiana

We have audited the accompanying financial statements of the governmental activities, business-type activities, and major funds of the Southeast Louisiana Flood Protection Authority - East (the "Authority"), a component unit of the State of Louisiana as of and for the year ended June 30, 2009, which collectively comprise the Orleans, East Jefferson, and Lake Borgne Basin Levee Districts' basic financial statements. These financial statements are the responsibility of management of the Authority. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and major funds of the Authority, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 31, 2009, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 should be considered in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Annual Financial Statement Reporting Packet, presented as supplementary information is not a required part of the basic financial statements, but is supplementary information required by Louisiana's Office of Statewide Reporting and Accounting Policy. This information has been subjected to the auditing procedures applied in the audit of the accompanying financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the accompanying financial statements taken as a whole.

Rebowe & Company

October 15, 2009

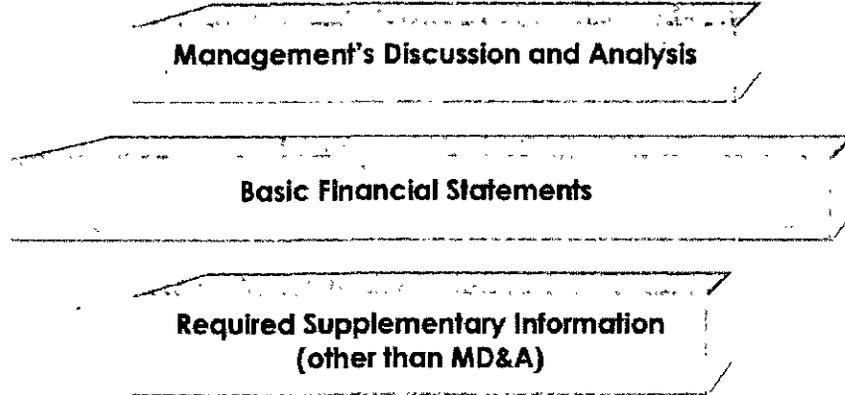
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
MANAGEMENT’S DISCUSSION AND ANALYSIS
As of June 30, 2009

The Management's Discussion and Analysis of the Southeast Louisiana Flood Protection Authority – East (the "Authority") presents a narrative overview and analysis of the Authority's financial results for the year ended June 30, 2009. This document focuses on the current year's activities, resulting changes, and currently known facts relating to the four (4) organizations that currently comprise the whole of the Authority:

The administrative arm of the Authority ("SLFPA-E"), the East Jefferson Levee District, the Lake Borgne Basin Levee District and the Orleans Levee District.

Overview of the Financial Statements

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



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements), and Required Supplementary Information.

Basic Financial Statements

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

The Statement of Net Assets presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Authority is improving or deteriorating.

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

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
As of June 30, 2009**

The Statement of Cash Flows presents information showing how the Authority's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income(loss) to net cash provided by or used in operating activities (indirect method) as required by GASB 34.

Financial Highlights

Net Assets

The following table describes the net assets of the SLFPA-E at the end of the current and prior fiscal years:

(In Thousands)	Governmental		Business-Type		SLFPA-E	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 124,932	\$ 107,639	\$ 9,279	\$ 3,366	\$ 134,211	\$ 111,005
Capital assets (as restated)	141,164	140,917	72,635	62,332	213,799	203,249
Total assets	<u>266,096</u>	<u>248,556</u>	<u>81,914</u>	<u>65,698</u>	<u>348,010</u>	<u>314,254</u>
Other liabilities	14,726	14,568	1,626	2,624	16,352	17,192
Long-term debt outstanding	109,283	104,674	-	-	109,283	104,674
Total liabilities	<u>124,009</u>	<u>119,242</u>	<u>1,626</u>	<u>2,624</u>	<u>125,635</u>	<u>121,866</u>
Net assets:						
Invested in capital assets, net of debt	92,500	86,387	72,635	62,332	165,135	148,719
Restricted	5,209	5,962	-	-	5,209	5,962
Unrestricted	44,378	36,965	7,653	742	52,031	37,707
Total net assets (as restated)	<u>\$ 142,087</u>	<u>\$ 129,314</u>	<u>\$ 80,288</u>	<u>\$ 63,074</u>	<u>\$ 222,375</u>	<u>\$ 192,388</u>

NOTE: The prior year net assets were restated, resulting in a reduction in net assets of \$1.7 million.

- Combined net assets of the SLFPA-E exceeded its liabilities at the close of fiscal year 2009 by \$223 million, compared with combined net assets a year earlier of \$192 million, a 15.1% and a \$31 million increase.
- Of the \$31 million increase in net assets, all can be traced to the following non-recurring income: \$6.8 million of insurance recoveries, \$8 million from litigation, \$18.8 million in grant income (the grant income referred to excludes the NASA flow-through transaction of \$12 million).
- Of this total increase in net assets, \$12.9 million was derived from the governmental operations of the East Jefferson, Lake Borgne and Orleans Levee Districts, and from the SLFPA-E. The business-type operations of the Orleans Levee District contributed \$17.2 million in net asset increases.
- Of the \$12.9 million of revenues contributed by the Governmental Funds, \$10.2 was generated by the Special Levee Improvement Fund of the Orleans Levee District.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
As of June 30, 2009**

Changes in Net Assets

The following table describes the changes in net assets of the SLFPA-E during the current and prior fiscal years:

(In Thousands)	Governmental		Business-Type		SLFPA-E	
	2009	2008	2009	2008	2009	2008
Operating revenues	\$ 1,844	\$ 2,991	\$ 3,476	\$ 3,681	\$ 5,320	\$ 6,672
Operating expenses	(45,880)	(28,426)	(5,979)	(5,506)	(51,859)	(33,932)
Operating loss	(44,036)	(25,435)	(2,503)	(1,825)	(46,539)	(27,260)
Non-operating revenues (expenses)	33,426	34,547	8,333	1	41,759	34,548
Federal grants	19,522	11,263	11,263	8,645	30,785	19,908
Insurance	6,728	1,609	121	938	6,849	2,547
Transfers to enterprise funds	-	(3,953)	-	3,953	-	-
Transfers out, Algiers	(1,434)	(2,466)	-	-	(1,434)	(2,466)
Increase in net assets	\$ 14,206	\$ 15,565	\$ 17,214	\$ 11,712	\$ 31,420	\$ 27,277

- Most recurring revenues for the levee districts as a whole declined from prior levels. Charges to customers for rents and mineral production declined by almost one-half million dollars. Revenue sharing income from the State of Louisiana declined \$2.1 million, and interest earnings, following the market decline, declined \$1.6 million and 57% from the prior year. Ad valorem tax revenue (excluding collections by the Orleans district on behalf of Algiers), increased by only \$900,000 and 2.9% on the full accrual basis, and reflected a decline in taxes supporting the Special Levee Improvement fund of the Orleans district of 10.3% and \$1.1 million.
- The change in tax revenues just discussed occurred despite a 22% increase in tax revenues at the East Jefferson District, and reflected a lower than normal rate of collection experienced by the Orleans district.
- Mineral revenues increased by a non-recurring payment to the Lake Borgne District of \$1.3 million. However, this increase was more than offset by a decline in proceeds from mineral producing property of the Orleans District – 80% and \$1.8 million.

Capital Assets

The following table lists the capital assets of the SLFPA-E (net of depreciation) at the end of the current and prior fiscal years:

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
As of June 30, 2009**

(In Thousands)	Governmental		Business-Type		SLFPA-E	
	2009	2008	2009	2008	2009	2008
Land	\$ 14,048	\$ 11,079	\$ 22,055	\$ 25,001	\$ 36,103	\$ 36,080
Buildings	7,936	3,323	3,249	1,759	11,185	5,082
Improvements	2,289	5,593	28,859	26,569	31,148	32,162
Movable Property	107	2,720	289	431	396	3,151
Infrastructure	110,693	109,006	206	242	110,899	109,248
Construction in Progress	6,092	9,196	17,977	8,330	24,069	17,526
Total	\$ 141,165	\$ 140,917	\$ 72,635	\$ 62,332	\$ 213,800	\$ 203,249

- Net investment in capital assets increased \$10 million in fiscal 2009, primarily as a result of continued rebuilding of assets, the bulk of which occurred in the Real Estate Division of the Orleans Levee District. Net investment for that division was \$10.3 million for the year. Funds were expended at the Orleans Marina to complete the rebuilding of the Harbor Master Building, at South Shore Harbor to replace piers and catwalks; and at the Airport, major repairs continued for hangars as well as the refurbishing of the NOLA Administration building. Over \$2 million dollars was spent on the reconstruction of Shelter Houses, Picnic Shelters damaged by Hurricane Katrina, and work on the Lakeshore Drive Reaches.
- Since Hurricane Katrina, vast re-construction and improvements to the flood protection system has occurred, but at federal expense, which is not capitalized on the records of the Districts.

Long Term Debt

- In fiscal 2009, the State of Louisiana advanced the funds for payment of nearly \$9 million of debt service on bonded debt of the Orleans Levee District. Debt outstanding related to this borrowing is \$26.2 million at June 30, 2009. The State has made its last direct payment of debt service on that district's behalf.
- Lake Borgne Basin Levee District completed the repayment of its long term debt.

The following table lists long-term obligations, including the amount of bonds due within one year:

(In Thousands)	Governmental		Business-Type		SLFPA-E	
	2009	2008	2009	2008	2009	2008
Bonds	\$ 48,353	\$ 54,788	\$ -	\$ -	\$ 48,353	\$ 54,788
Notes Payable FEMA	10,350	10,064	-	-	10,350	10,064
Notes Payable Louisiana	26,126	17,347	-	-	26,126	17,347
Judgments payable	26,091	25,875	-	-	26,091	25,875
Post Retirement Benefits	3,391	1,971	371	186	3,762	2,157
Compensated Absences	1,076	1,150	102	126	1,178	1,276
Total	\$ 115,387	\$ 111,195	\$ 473	\$ 312	\$ 115,860	\$ 111,507

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
As of June 30, 2009**

- At the end of the current fiscal year, long-term obligations amounted to \$116 million, compared with \$111 million in the prior year. Along with bonds and notes payable, these obligations included judgments payable, contingent liabilities, post retirement benefit liability and compensated absences liability. The increase reflects additional borrowing by Orleans Levee District from the State of Louisiana for amortization of bonds payable as noted below, liabilities relating to post retirement health care costs, and increased provision for settlement and contingent legal costs.
- The decline in bonds payable reflects amortization of the Orleans Levee District and Lake Borgne Basin Levee District's debt. Because the Orleans Levee District was not forced to use the funds made available by the State's payment of its debt service, the District has sufficient funds necessary to facilitate operations and future payments of debt service.
- Post retirement obligations represent a current recognition of future benefit obligations that the Districts are responsible for.

Variances in Budgets and in Actual Results

Revenues

The Lake Borgne Basin Levee District's original budget called for a total of \$3,659,000 while the amended budget had revenues of \$5,409,000, with the majority of the variance due to the increase in oil and gas royalties. Actual results yielded an increase of \$733,186 to \$6,142,000, mainly due to the increase in tax and governmental revenues. The Orleans Levee District's original budget called for a total of \$15,013,467. Actual results yielded an increase of \$15,442,564, mainly due to the receipt of unexpected mineral revenues. The East Jefferson Levee District's original budget called for a total of \$6,686,000 while the amended budget had revenues of \$9,603,572 with the majority of the variance due to the increase in tax revenues, intergovernmental revenues, and insurance proceeds. Actual results yielded an increase of \$589,310 to \$10,192,882.

Expenditures

The Lake Borgne Basin Levee District's original budget called for a total of \$4,510,400 while the amended budget had expenditures of \$5,410,400, with the majority of the variance due to materials and supplies. Actual results yielded results comparable to the original budget. The East Jefferson Levee District's original budget called for a total of \$5,354,553 while the amended budget had expenditures of \$6,333,380, with the majority of the variance due to hurricane expenses. Actual results yielded amounts comparable to the original budget, with the majority of the variance due to professional services. The Orleans Levee District's original budget called for a total of \$13,222,362 while actual results yielded \$11,046,727, with the majority of the variance due to personnel services and contractual services. Combined variances in the final budget amounts and actual results are shown in the combined statement of revenues, expenditures, and changes in fund balance – budget and actual, located on page 15 of the report.

The budget of the General Fund of the Orleans Levee District was not amended in fiscal 2009. \$12 million in grant funds were received by the Authority in a pass-through transaction to pay for improvements to the levee protection of the Michoud Assembly facility in eastern New Orleans. This amount is classified as grant income within the Special Levee Improvement Fund and as a current operating expense, as the District transferred the funds to the US Army Corps of Engineers for the construction project. The transaction was not budgeted and affects the year-to-year variance and actual-to-budget comparisons of operating costs. This income and expense has been omitted in discussions of variances.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
As of June 30, 2009**

Operating expenses at the Orleans District were less than budgeted by 14%, the result of continued difficulty hiring and a delay in implementing a special pay plan, along with delay in receipt of equipment ordered at year end.

Economic Factors and Next Year’s Budgets and Rates

The Authority's elected and appointed officials considered the following factors and indicators when establishing next year's budget, rates, and fees:

- Uncertainty of mineral revenues
- The need for additional personnel
- The need for additional revenues to offset interrupted mineral revenues and to fund necessary operational costs.
- The additional responsibilities vested in the Authority and the individual Districts.
- Lower than expected collection rates for ad valorem taxes
- The cessation of State lending assistance with debt service and the need to plan for refunding or retiring that debt.
- Necessary major maintenance and project expenditures

Contacting the Authority's Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Southeast Louisiana Flood Protection Authority – East's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact SLFPA-E at 6508 Spanish Fort Blvd, New Orleans, Louisiana 70124.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
Combined Statement of Net Assets
June 30, 2009

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 112,018,359	\$ 100	\$ 112,018,459
Investments	7,667,750	-	7,667,750
Receivables	340,979	872,617	1,213,596
Due from other funds, net	(2,631,646)	2,631,646	-
Due from other governments	1,062,794	5,435,336	6,498,130
Inventory	455,209	-	455,209
Other assets	387,894	338,859	726,753
Restricted assets	5,630,280	-	5,630,280
Total current assets	<u>124,931,619</u>	<u>9,278,558</u>	<u>134,210,177</u>
Noncurrent assets:			
Capital assets:			
Land	14,048,432	22,054,735	36,103,167
Other capital assets, net of depreciation	127,116,124	50,580,652	177,696,776
Total noncurrent assets	<u>141,164,556</u>	<u>72,635,387</u>	<u>213,799,943</u>
TOTAL ASSETS	<u>266,096,175</u>	<u>81,913,945</u>	<u>348,010,120</u>
LIABILITIES			
Current liabilities:			
Payables	1,917,113	51,598	1,968,711
Contracts payable	3,364,602	547,993	3,912,595
Deferred revenues - current	39,500	-	39,500
Accrued compensated absences	105,747	33,804	139,551
Due to other agencies	2,245,116	-	2,245,116
Other liabilities	-	1,500	1,500
Payable from restricted assets:			
Bonds payable	6,310,000	-	6,310,000
Accrued bond interest payable	744,150	-	744,150
Total current liabilities	<u>14,726,228</u>	<u>634,895</u>	<u>15,361,123</u>
Noncurrent liabilities:			
Deferred revenues - noncurrent	-	550,955	550,955
Accrued compensated absences	969,815	68,632	1,038,447
Bonds payable	42,355,000	-	42,355,000
Long term notes payable	36,475,614	-	36,475,614
Judgments payable	26,091,161	-	26,091,161
Post employment benefit liability	3,390,775	371,328	3,762,103
Total noncurrent liabilities	<u>109,282,365</u>	<u>990,915</u>	<u>110,273,280</u>
TOTAL LIABILITIES	<u>124,008,593</u>	<u>1,625,810</u>	<u>125,634,403</u>
NET ASSETS			
Invested in capital assets, net of related debt	92,499,556	72,635,387	165,134,943
Restricted	5,209,427	-	5,209,427
Unrestricted	44,378,599	7,652,748	52,031,347
TOTAL NET ASSETS	<u>\$ 142,087,582</u>	<u>\$ 80,288,135</u>	<u>\$ 222,375,717</u>

The notes to the financial statements are an integral part of this statement.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
Combined Statement of Activities
For the Year Ended June 30, 2009**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental activities:							
Flood and drainage protection	\$ 47,314,166	\$ 1,843,708	\$ 1,223,507	\$ 18,298,615	\$ (25,948,336)	\$ -	\$ (25,948,336)
Interest	3,161,794	-	-	-	(3,161,794)	-	(3,161,794)
Total governmental activities	50,475,960	1,843,708	1,223,507	18,298,615	(29,110,130)	-	(29,110,130)
Business-type activities:							
Airport	3,431,111	1,382,723	-	4,269,025	-	2,220,637	2,220,637
Marinas	2,308,196	1,400,898	-	6,988,794	-	6,081,496	6,081,496
Other real estate	240,145	692,949	-	4,969	-	457,773	457,773
Total business-type activities	5,979,452	3,476,570	-	11,262,788	-	8,759,906	8,759,906
Total	\$ 56,455,412	\$ 5,320,278	\$ 1,223,507	\$ 29,561,403	(29,110,130)	8,759,906	(20,350,224)
General revenues and (expenses):							
Property taxes					34,306,035	-	34,306,035
Unrestricted intergovernmental revenues					1,717,300	-	1,717,300
Unrestricted investment earnings					1,223,119	54	1,223,173
Miscellaneous					445,196	74,857	520,053
Gain (loss) on disposal of capital assets					123,711	6,573	130,284
Insurance proceeds					6,728,059	121,137	6,849,196
Amortization of bond issuance cost					(71,032)	-	(71,032)
Litigation receipts (payments), net					(180,529)	8,251,448	8,070,919
Other income (expense)					(975,456)	-	(975,456)
Total general revenues, litigation payments, and transfers					43,316,403	8,454,069	51,770,472
CHANGE IN NET ASSETS BEFORE TRANSFERS					14,206,273	17,213,975	31,420,248
Transfers out, Ajfers					(1,433,620)	-	(1,433,620)
CHANGE IN NET ASSETS AFTER TRANSFERS					12,772,653	17,213,975	29,986,628
NET ASSETS AT BEGINNING OF YEAR, AS PREVIOUSLY REPORTED					131,002,963	63,074,160	194,077,123
Prior period adjustment					(1,688,034)	-	(1,688,034)
NET ASSETS AT BEGINNING OF YEAR, AS RESTATED					129,314,929	63,074,160	192,389,089
NET ASSETS AT END OF YEAR					\$ 142,087,582	\$ 80,288,135	\$ 222,375,717

The notes to the financial statements are an integral part of this statement.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
COMBINED GOVERNMENTAL FUNDS
Combined Balance Sheet
June 30, 2009

	AUTHORITY GENERAL FUND	OLD GENERAL FUND	EJLD GENERAL FUND	LIBLD GENERAL FUND	LIBLD GENERAL FUND	OLD GENERAL FUND	OLD REAL ESTATE FUND	OLD DEBT SERVICE FUND	OLD GENERAL IMPROVEMENT FUND	OLD SJIP FUND	LIBLD CAPITAL PROJECTS FUND	LIBLD DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS													
Cash and cash equivalents	286,061	36,152,206	15,498,280	15,498,280	6,090,009	10,598,580	-	-	-	42,966,462	505,961	-	112,018,359
Investments - Certificates of Deposit with original maturities greater than 3 months	-	-	7,667,750	-	31,047	5,159	-	-	-	-	-	-	7,667,750
Receivables	1,633	164,332	11,633	-	31,047	5,159	-	-	-	127,175	-	-	340,879
Due from other funds	-	10,985,166	-	-	10,006,954	-	-	617,110	-	1,323,885	-	-	22,934,795
Due from other governments	59,000	29,385	-	-	270,367	209,236	-	471,096	-	23,700	-	-	1,062,794
Inventory	-	194,898	-	-	260,511	-	-	-	-	-	-	-	455,209
Restricted assets	-	470,853	-	-	-	-	5,209,427	-	-	-	-	-	5,630,280
Other assets	41,674	215,068	65,874	-	-	65,328	-	-	-	-	-	-	387,874
TOTAL ASSETS	388,368	481,617,118	23,203,487	23,203,487	6,652,734	20,847,237	1,088,206	5,209,427	1,088,206	44,440,922	505,961	-	150,498,060
LIABILITIES													
Payables	64,657	844,403	248,401	-	299,543	640,189	-	-	-	-	-	-	1,917,113
Contracts payable	-	-	-	-	-	2,991,362	-	-	256,020	137,200	-	-	3,364,602
Due to other agencies	-	21,307	2,192,000	-	-	-	-	-	31,609	-	-	-	2,245,116
Deferred revenues - current	-	39,500	-	-	-	-	-	-	-	-	-	-	39,500
Due to other funds	-	5,679,837	-	-	-	15,208,713	-	-	4,717,895	-	-	-	25,566,440
Total liabilities	64,657	6,545,242	2,440,401	-	299,543	18,660,204	-	-	4,985,524	137,200	-	-	33,132,771
FUND BALANCE													
Reserved	-	809,381	-	-	-	-	-	5,209,427	863,345	102,695	-	-	7,490,809
Unreserved - designated	-	391,564	-	-	-	-	-	-	-	-	-	-	391,564
Unreserved - undesignated	323,711	40,415,299	20,763,086	-	6,353,191	2,187,033	-	-	(4,760,663)	44,201,027	-	-	109,482,914
Total fund balances	323,711	41,616,474	20,763,086	-	6,353,191	2,187,033	-	5,209,427	(3,897,318)	44,303,722	505,961	-	117,355,289
TOTAL LIABILITIES AND FUND BALANCES	388,368	481,617,118	23,203,487	23,203,487	6,652,734	20,847,237	1,088,206	5,209,427	1,088,206	44,440,922	505,961	-	150,498,060

The notes to the financial statements are an integral part of this statement.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
Combined Reconciliation of the Governmental Funds
Balance Sheet to the Combined Statement of Net Assets
June 30, 2009**

Total governmental fund balances (Statement D)	\$ 117,365,289
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$77,458,234	141,164,556
Noncurrent liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued bond interest payable	(744,151)
Accrued compensated absences	(1,075,562)
Long Term Debt Payable	(85,140,614)
Judgments payable	(26,091,161)
Post employment benefits payable	<u>(3,390,775)</u>
Net Assets of Governmental Activities (Statement A)	<u>\$ 142,087,582</u>

The notes to the financial statements are an integral part of this statement.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
State of Louisiana
Governmental Funds
Combined Statement of Revenues, Expenditures and
Changes in Fund Balance
June 30, 2009

	AUTHORITY GENERAL FUND	OLD GENERAL FUND	EBLD GENERAL FUND	OLD REAL ESTATE FUND	OLD OLD SERVICE FUND	OLD OLD IMPROVEMENT FUND	OLD SUP FUND	EBLD CAPITAL PROJECTS FUND	EBLD DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES										
Taxes	300,000	12,719,993	8,296,764	3,014,605	-	-	10,771,271	-	403,402	35,206,035
Intergovernmental	-	1,764,827	1,811,836	1,196,884	9,443	4,329,964	12,029,700	-	9,643	21,448,103
Insurance proceeds	1,576	372,922	207,606	51,841	-	-	-	-	-	93,800
Interest earnings	177,643	61,411	100,879	1,334,464	36,111	-	616,115	7,129	-	1,223,119
Royalties, leases, and permits	679,219	15,442,563	16,217,057	20,095	57,218	-	-	-	-	1,843,708
Other	-	-	-	5,720,991	100,972	36,111	4,329,966	7,129	414,167	445,196
Total revenues	1,167,438	19,413,792	25,752,756	10,266,743	93,541	4,366,075	25,117,086	7,129	414,167	60,561,611
EXPENDITURES										
Current operating expenses, flood and diatuga protection	971,887	9,833,227	5,053,979	4,794,159	-	-	12,112,625	-	-	37,183,275
Debt service	-	-	-	-	5,865,000	-	-	-	13,311	5,878,311
Principal	3,550	-	367,192	-	2,913,105	-	-	-	640,000	4,505,000
Interest	575,437	9,833,227	5,391,171	4,794,159	-	5,215,490	1,057,254	-	17,599	23,000,004
Capital outlay	-	-	-	4,834,086	8,778,105	3,219,490	13,169,880	-	-	6,643,486
Total expenditures	1,550,874	19,666,454	10,702,251	14,422,404	8,793,105	8,234,980	26,352,759	6,709,100	17,910	53,265,445
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(383,436)	(252,662)	15,000,505	(4,155,661)	5,573,436	(3,868,905)	(1,235,673)	(2,589,971)	(17,743)	(6,703,834)
OTHER FINANCING SOURCES (USES)										
Proceeds from borrowing	-	-	4,825,886	926,732	(4,231,114)	(8,741,994)	10,141,266	7,129	(238,743)	6,998,689
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	3,197,746	-	-	-	-	-	-	-	3,197,746
Transfer between divisions	-	(3,197,746)	-	-	8,778,106	-	-	-	-	5,580,360
Insurance proceeds	-	(80,171.6)	-	-	-	-	5,580,360	-	-	(80,171.6)
Unapportioned proceeds (payments), net	-	(1,813,500)	-	-	-	-	(5,580,360)	-	-	(7,203,860)
Total other financing sources (uses)	-	(1,813,500)	4,825,886	926,732	(4,231,114)	(8,741,994)	10,141,266	7,129	(238,743)	6,998,689
NET CHANGES IN FUND BALANCES	783,902	2,995,348	15,000,505	(3,245,672)	5,573,436	(3,868,905)	(1,235,673)	(2,589,971)	(17,743)	(6,703,834)
FUND BALANCES AT BEGINNING OF YEAR	319,929	98,621,126	15,937,200	5,358,848	17,203,361	10,011,794	10,230,571	7,129	167,211	138,925,016
FUND BALANCES AT END OF YEAR	1,103,831	101,616,474	30,937,705	2,113,176	22,776,800	6,142,889	9,994,906	4,539	149,468	145,222,832

The notes to the financial statements are an integral part of this statement.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
GOVERNMENTAL FUNDS
Combined Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2009

Net changes in fund balance - total governmental funds (Statement D)	\$ 20,890,712
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets	
Capital asset additions	5,733,501
Depreciation expense	(5,446,110)
Financing is reported as income in the governmental funds report, but are recognized as long term liabilities in the Statement of Net Assets	
	(9,064,262)
In the Statement of Activities, only the gain or loss on the sale or disposition of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net assets differs from the change in fund balances by the cost of capital assets sold, disposed, impaired, or transferred.	
	(737,211)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds	
	(3,034,682)
Repayment of noncurrent debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:	
Capital obligation principal payments	6,505,000
Amortization of deferred bond costs	(71,032)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Bond interest	(231,090)
Compensated absences	74,791
Legal claims and interest	(215,681)
Post employment benefit costs	(1,631,283)
Change in Net Assets of Governmental Activities (Statement B)	<u>\$ 12,772,653</u>

The notes to the financial statements are an integral part of this statement.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
GENERAL FUND
Combined Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget and Actual
For the Year Ended June 30, 2009

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	variance wnn Final Budget Positive (Negative)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 21,728,467	\$ 22,628,467	\$ 24,434,764	\$ 1,806,297
Intergovernmental	2,374,000	3,944,000	3,505,395	(438,605)
Insurance proceeds	-	970,000	1,180,900	210,900
Charges for services:				
Permits	6,000	13,000	23,500	10,500
Rents and leases	-	-	20,004	20,004
Oil and gas royalties	-	1,316,000	1,816,070	500,070
Investment income	1,213,000	1,093,000	635,249	(457,751)
Miscellaneous	37,000	77,572	161,750	84,178
Total revenues	<u>25,358,467</u>	<u>30,042,039</u>	<u>31,777,632</u>	<u>1,735,593</u>
EXPENDITURES				
Flood and drainage protection:				
Personnel services	12,748,970	12,651,442	12,110,447	(540,995)
Travel	61,482	22,482	20,002	(2,480)
Contractual Services	3,792,883	3,761,846	3,353,471	(408,375)
Materials and supplies	1,792,884	2,374,434	1,903,174	(471,260)
Professional services	2,081,221	2,127,101	1,102,529	(1,024,572)
Other charges	781,482	830,532	581,576	(248,956)
Cost Allocations	43,000	43,000	(98,614)	(141,614)
Machinery and equipment	1,161,393	1,240,920	927,803	(313,117)
Miscellaneous	624,000	925,500	1,016,297	90,797
Hurricane expenses	-	1,013,300	-	(1,013,300)
Total expenditures	<u>23,087,315</u>	<u>24,990,557</u>	<u>20,916,685</u>	<u>(4,073,872)</u>
Excess of revenues over expenditures	<u>2,271,152</u>	<u>5,051,482</u>	<u>10,860,947</u>	<u>5,809,465</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	24,175	24,175	-
Major maintenance	(255,000)	(50,000)	-	50,000
Proceeds from long term debt	3,197,746	3,197,746	3,197,746	-
Debt service	(3,855,346)	(3,855,346)	(3,855,346)	-
Collection of Algiers' taxes	809,366	809,366	809,366	-
Transfer to Non-Flood operations	(600,000)	(600,000)	(600,000)	-
Transfer to affiliates	(346,444)	(346,444)	(346,444)	-
Katrina insurance adjustments	-	-	181,757	181,757
Litigation payments	(100,000)	(100,000)	(180,529)	(80,529)
Total other financing sources (uses)	<u>(1,149,678)</u>	<u>(920,503)</u>	<u>(769,275)</u>	<u>151,228</u>
NET CHANGES IN FUND BALANCES	<u>1,121,474</u>	<u>4,130,979</u>	<u>10,091,672</u>	<u>5,960,693</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>60,740,362</u>	<u>60,740,362</u>	<u>60,740,362</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 61,861,836</u>	<u>\$ 64,871,341</u>	<u>\$ 70,832,034</u>	<u>\$ 5,960,693</u>

The notes to the financial statements are an integral part of this statement.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
PROPRIETARY FUNDS
Statement of Net Assets
June 30, 2009

	ORLEANS MARINA	SOUTH SHORE HARBOR MARINA	LAKEFRONT AIRPORT	LAKE VISTA COMMUNITY CENTER	NEW BASIN CANAL	TOTAL PROPRIETARY FUNDS
ASSETS						
Current assets						
Cash	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ 100
Receivables (net of allowance for uncollectibles)	147,392	463	441,885	178,448	104,429	872,617
Due from other governments	394,669	2,340,207	2,697,628	-	2,832	5,435,336
Other Assets	42,974	55,742	223,027	16,489	627	338,859
Total current assets	585,135	2,396,412	3,362,540	194,937	107,888	6,646,912
Noncurrent assets						
Due from other funds	1,590,576	5,571,347	2,992,025	25,906	1,618,416	11,798,270
Land	301,339	3,358,103	15,449,799	23,023	2,922,471	22,054,735
Other capital assets (net of accumulated depreciation)	1,784,902	20,159,378	27,856,601	574,217	205,554	50,580,652
Total noncurrent assets	3,676,817	29,088,828	46,298,425	623,146	4,746,441	84,433,657
TOTAL ASSETS	\$ 4,261,952	\$ 31,485,240	\$ 49,660,965	\$ 818,083	\$ 4,854,329	\$ 91,080,569
LIABILITIES						
Liabilities:						
Current liabilities:						
Accounts payables	\$ 18,463	\$ 25,535	\$ 7,600	\$ -	\$ -	\$ 51,598
Contracts payable	33,553	311,254	197,888	5,298	-	547,993
Accrued compensated absences	9,106	-	24,698	-	-	33,804
Other liabilities	-	1,500	-	-	-	1,500
Total current liabilities	61,122	338,289	230,186	5,298	-	634,895
Noncurrent liabilities:						
Due to other funds	13,518	3,782,123	5,370,394	589	-	9,166,624
Deferred revenues	-	550,955	-	-	-	550,955
OPEB liability	118,150	-	253,178	-	-	371,328
Accrued compensated absences	18,487	-	50,145	-	-	68,632
Total noncurrent liabilities	150,155	4,333,078	5,673,717	589	-	10,157,539
TOTAL LIABILITIES	211,277	4,671,367	5,903,903	5,887	-	10,792,434
NET ASSETS						
Invested in capital assets (net of related debt)	2,086,241	23,517,481	43,306,400	597,240	3,128,025	72,635,387
Unrestricted	1,964,434	3,296,392	450,662	214,956	1,726,304	7,652,748
TOTAL NET ASSETS	\$ 4,050,675	\$ 26,813,873	\$ 43,757,062	\$ 812,196	\$ 4,854,329	\$ 80,288,135

The notes to the financial statements are an integral part of this statement.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
PROPRIETARY FUNDS
Statement of Revenues, Expenses,
and Changes in Fund Net Assets
For the Year Ended June 30, 2009

	ORLEANS MARINA	SOUTH SHORE HARBOR MARINA	LAKEFRONT AIRPORT	LAKE VISTA COMMUNITY CENTER	NEW BASIN CANAL	TOTAL PROPRIETARY FUNDS
OPERATING REVENUES						
Charges for services:						
Rentals	\$ 1,368,251	\$ 32,647	\$ 1,092,421	\$ 139,844	\$ 553,105	\$ 3,186,268
Fuel farm sales and fees	-	-	290,302	-	-	290,302
Total charges for services	1,368,251	32,647	1,382,723	139,844	553,105	3,476,570
Miscellaneous	19,542	-	30,460	24,855	-	74,857
Total operating revenues	1,387,793	32,647	1,413,183	164,699	553,105	3,551,427
OPERATING EXPENSES						
Personnel services	370,175	36,175	998,909	-	-	1,405,259
Travel	-	-	1,686	-	-	1,686
Contractual services	223,549	79,847	1,036,437	46,112	125	1,386,070
Materials and supplies	82,815	26,968	110,819	2,702	-	223,304
Professional services	37,214	69,077	86,443	29,924	38,556	261,214
Other charges	17,308	-	2,434	-	-	19,742
Depreciation	71,135	984,042	997,067	81,403	36,523	2,170,170
Major maintenance	-	309,891	197,316	-	4,800	512,007
Total operating expenses	802,196	1,506,000	3,431,111	160,141	80,004	5,979,452
NET OPERATING INCOME	585,597	(1,473,353)	(2,017,928)	4,558	473,101	(2,428,025)
NONOPERATING REVENUES						
Grant income	232,513	6,756,281	4,269,025	-	4,969	11,262,788
Investment income	54	-	-	-	-	54
Gain on disposal of capital assets	-	4,500	2,073	-	-	6,573
Insurance proceeds	-	-	121,137	-	-	121,137
Proceeds from litigation	-	8,251,448	-	-	-	8,251,448
Total nonoperating revenues	232,567	15,012,229	4,392,235	-	4,969	19,642,000
CHANGES IN NET ASSETS	818,164	13,538,876	2,374,307	4,558	478,070	17,213,975
TOTAL NET ASSETS AT BEGINNING OF YEAR	3,232,511	13,274,997	41,382,755	807,638	4,376,259	63,074,160
TOTAL NET ASSETS AT END OF YEAR	\$ 4,050,675	\$ 26,813,873	\$ 43,757,062	\$ 812,196	\$ 4,854,329	\$ 80,288,135

The notes to the financial statements are an integral part of this statement

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
PROPRIETARY FUNDS
Statement of Cash Flows
For the Year Ended June 30, 2009

	MAJOR FUNDS			NON-MAJOR FUNDS	TOTAL PROPRIETARY FUNDS
	ORLEANS MARINA	SOUTH SHORE HARBOR MARINA	LAKEFRONT AIRPORT	LAKE VISTA and NEW BASIN CANAL	
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to vendors	\$ 1,288,109	\$ (485,233)	\$ 3,180,827	\$ 696,885	\$ 4,680,588
Payments to suppliers	(340,658)	(265,984)	(1,434,606)	(132,370)	(2,193,618)
Payments to employees	(326,333)	(36,175)	(880,778)	-	(1,243,286)
Internal activities - receipts from (payments to) other funds	(354,728)	(6,238,349)	1,081,853	(467,429)	(5,978,653)
Net cash provided by operating activities	246,390	(7,025,741)	1,947,296	97,086	(4,734,969)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from federal and state grants	497,044	5,440,409	2,886,917	4,969	8,829,339
Purchase of capital assets	(743,488)	(6,682,657)	(4,962,109)	(102,055)	(12,490,309)
Proceeds from sale of capital assets	-	16,541	6,759	-	23,300
Proceeds from litigation	-	-	121,137	-	121,137
Insurance proceeds	-	8,251,448	-	-	8,251,448
Net cash provided (used) by capital and related financing activities	(246,444)	7,025,741	(1,947,296)	(97,086)	4,734,915
CASH FROM INVESTING ACTIVITIES					
Interest	54	-	-	-	54
Net cash provided by investing activities	54	-	-	-	54
Net Increase in cash	-	-	-	-	-
Cash balances, beginning	100	-	-	-	100
Cash balances, ending	\$ 100	\$ -	\$ -	\$ -	\$ 100
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 585,597	\$ (1,473,353)	\$ (2,017,928)	\$ 477,659	\$ (2,428,025)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Cash flows reported in other categories:					
Depreciation expense	71,135	984,042	997,067	117,926	2,170,170
Change in assets and liabilities:					
Receivables, net	(68,280)	(463)	2,725,671	(20,920)	2,636,008
Prepaid expenses and other assets	(29,513)	(55,742)	(35,724)	(15,027)	(136,006)
Receivables from other funds	(363,393)	(5,571,090)	(57,525)	(467,428)	(6,459,436)
Accounts and other payables	42,179	(241,876)	(803,643)	4,876	(998,464)
Payables to other funds	8,665	(667,259)	1,139,378	-	480,784
Net cash provided by operating activities	\$ 246,390	\$ (7,025,741)	\$ 1,947,296	\$ 97,086	\$ (4,734,969)

The notes to the financial statements are an integral part of this statement.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
Supplemental Schedule of Surveys, Feasibility Studies, and Special Studies
For the Year Ended June 30, 2009

Southeast Louisiana Flood Protection Authority - East

Strategic Plan and Operational Scan	\$ 25,000
Total	<u>\$ 25,000</u>

Orleans Levee District

Lakefront Airport Master Plan	\$ 62,313
Situation Survey Bastian Mitchell Hangars	<u>3,900</u>
Total	<u>\$ 66,213</u>

East Jefferson Levee District

Surveying of West Return Levee	\$ 17,982
Study Phase, Survey Phase for Foreshore Protection	53,670
Study Phase for Foreshore Protection	24,607
Professional Services for Foreshore Protection	160,658
Lakeshore Linear Park Erosion Protection	<u>8,202</u>
Total	<u>\$ 265,119</u>

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

S NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Entity

The Southeast Louisiana Flood Protection Authority - East (the "Authority") was created as a political subdivision of the State of Louisiana by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38:330.1. The Authority's primary purpose is regional coordination of flood protection of the following levee districts and parts of levee districts and parishes:

- East Jefferson Levee District (EJLD)
- Lake Borgne Basin Levee District (LBBLD)
- That portion of the Orleans Levee District east of the Mississippi River (OLD)
- St. Tammany Levee District
- Tangipahoa Levee District

For the purposes of this report, the "SLFPA-E" combines the financial activity of the Orleans Levee District, the East Jefferson Levee District, and the Lake Borgne Basin Levee District.

In order to promote such coordination over parochial concerns, approval of a proposed project (program, engineering activities) shall require the favorable vote of at least two-thirds of the total voting membership of the board, regardless of whether the project is limited to one or more levee districts within the territorial jurisdiction of the Authority.

"Project" means a program or engineering activity, either new or continuing, that will be planned and implemented with the primary goal being the reduction of existing flood damages. "Program" means the flood control system which may include, but not be limited to, flood proofing, waterproofing, ring dikes relocation assistance, information programs, formulation of codes, and engineering studies. "Engineering activities" means functions which may include, but not be limited to, dams, reservoirs, levees, dikes, floodwalls, diversions, channel alterations such as snagging and channel straightening, or site detention, spillways, and land treatment.

The SLFPA-E is governed by a board of commissioners (the "Board"), consisting of nine members, of whom there shall be exactly one member from each parish within the territorial jurisdiction of the Authority. The members shall be appointed by the governor from nominations submitted by the nominating committee as follows:

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

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

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Authority's operations are funded entirely through state grants.

B. Financial Statement Presentation, Measurement Focus and Basis of Accounting

1. Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities), report information about the SLFPA-E as a whole.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

2. Fund Financial Statements

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The SLFPA-E considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period. For certain grants for which collectability is assured, the Authority uses a period greater than 60 days. Expenditures generally are recorded when a liability is incurred under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Interest revenues associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the SLFPA-E.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

C. Major Funds

The **Authority General Fund** is used to account for all financial activity associated with the primary purpose for which the Authority was created. Since this is the only fund, it is the Authority's major fund.

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

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

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

The **OLD Real Estate Fund** is a companion fund to the OLD General Fund, used to provide management and administration of non-flood control operations, including the District's proprietary funds as well as parks, roadways, and public safety functions.

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

The **OLD Capital Projects Funds (GIF / SLIP)** are used to account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

The **LBBLD Capital Projects Fund** is used to account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

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

D. Other Significant Accounting Policies

Assets, Liabilities, and Equity

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash

For the purpose of the Statement of Cash Flows, "cash and cash equivalents" include all demand, pooled cash accounts, and certificates of deposit with an original maturity of three months or less. Additional cash disclosures are presented in Note 3.

Receivables

All accounts receivable are shown net of an allowance for uncollectible amounts.

Inventories

Supplies are charged to inventory and expensed when used.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Description	Years
Land improvements	20
Buildings and building improvements	40
Furniture and fixtures	7-10
Vehicles	7
Equipment	3-20
Infrastructure	40

Compensated Absences

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. There is no limitation to the amount of annual and sick leave each employee may accumulate. Upon termination employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges computed in accordance with GASB Codification Section C60 is recognized as a current year expenditure in the fund when leave is actually taken. The cost

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

of leave privileges applicable to general government operations not requiring current resources at June 30, 2009, is zero.

The related amounts for Orleans, East Jefferson, and Lake Borgne Basin are noted within the long-term obligation schedules beginning on page 29 of this report.

Use of 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 disclosure 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.

Subsequent Events

Subsequent events have been evaluated through September 1, 2009, the date the financial statements were available to be issued.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget

Formal budgetary accounting is employed as a management control device during the year for the SLFPA-E General Fund, the OLD General Fund, the LBBLD General Fund, the EJLD General Fund, and for the construction funds of OLD and LBBLD.

Expenditures are controlled at a major cost category level. Executive Directors may reallocate resources among cost categories and departments so long as aggregate cost does not change. Changes to the budgets that will change total revenue or expense must be approved by the Board. Budgets are prepared generally on a cash basis. Encumbrances expire at fiscal year end and do not roll to the subsequent year.

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

The original budget for OLD, LBBLD, and EJLD were adopted on March 20, 2008. The amended general fund budgets for OLD and EJLD were adopted on May 19, 2009. The amended budget for LBBLD was adopted on May 21, 2009. The amended capital budget for OLD was adopted on July 16, 2009. The budgeted amounts are included, respectively, as the original and final budgets in the accompanying statements.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Budget Amendments

The Authority made several supplemental budgetary appropriations during the year. The most significant of the changes made are described below.

Revenues

The Lake Borgne Basin Levee District's original budget called for a total of \$3,659,000 while the amended budget had revenues of \$5,409,000, with the majority of the variance due to the increase in oil and gas royalties. Actual results yielded an increase of \$733,186 to \$6,142,000, mainly due to the increase in tax and governmental revenues. The Orleans Levee District's original budget called for a total of \$15,013,467. Actual results yielded an increase of \$15,442,564, mainly due to the receipt of unexpected mineral revenues. The East Jefferson Levee District's original budget called for a total of \$6,686,000 while the amended budget had revenues of \$9,603,572 with the majority of the variance due to the increase in tax revenues, intergovernmental revenues, and insurance proceeds. Actual results yielded an increase of \$589,310 to \$10,192,882.

Expenditures

The Lake Borgne Basin Levee District's original budget called for a total of \$4,510,400 while the amended budget had expenditures of \$5,410,400, with the majority of the variance due to materials and supplies. Actual results yielded results comparable to the original budget. The East Jefferson Levee District's original budget called for a total of \$5,354,553 while the amended budget had expenditures of \$6,333,380, with the majority of the variance due to hurricane expenses. Actual results yielded amounts comparable to the original budget, with the majority of the variance due to professional services. The Orleans Levee District's original budget called for a total of \$13,222,362 while actual results yielded \$11,046,727, with the majority of the variance due to personnel services and contractual services. Combined variances in the final budget amounts and actual results are shown in the combined statement of revenues, expenditures, and changes in fund balance – budget and actual, located on page 15 of the report.

The budget of the General Fund of the Orleans Levee District was not amended in fiscal 2009. \$12 million in grant funds were received by the Authority in a pass-through transaction to pay for improvements to the levee protection of the Michoud Assembly facility in eastern New Orleans. The transaction was not budgeted and affects the year-to-year variance and actual-to-budget comparisons of operating costs. This income and expense has been omitted in discussions of variances.

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

Investments

East Jefferson Levee District maintains investment accounts as authorized by LRS 33-2955. In addition, GASB 40 requires separate disclosure of investments that are considered to be exposed to custodial credit risk. As of June 30, 2009, East Jefferson Levee District reported a fair value of \$7,667,750 of certificates of deposits that are exposed to custodial credit risk.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

Deposits with Financial Institutions

At June 30, 2009, the SLFPA-E had cash and cash equivalents (book balances) totaling \$112,018,459:

Authority	\$	286,061
Orleans Levee District		89,677,348
East Jefferson Levee District		15,458,280
Lake Borgne Basin Levee District		<u>6,596,770</u>
Total	<u>\$</u>	<u>112,018,459</u>

State statutes authorize the SLFPA-E to invest in United States bonds, treasury notes and bills, or certificates or time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Cash is stated at cost, which approximates 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. 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.

Receivables

The following schedule displays the June 30, 2009 balances in receivables by district.

	<u>SELFPA-E</u>	<u>OLD</u>	<u>EJLD</u>	<u>LBBLD</u>	<u>Total</u>
Ad Valorem Taxes	\$ -	\$ 281,300	\$ -	\$ 26,866	\$ 308,166
Governmental	59,000	6,168,763	-	270,367	6,498,130
Customers and other, net of allowance for doubtful accounts	1,633	887,983	11,633	4,181	905,430
	<u>\$ 60,633</u>	<u>\$ 7,338,046</u>	<u>\$ 11,633</u>	<u>\$ 301,414</u>	<u>\$ 7,711,726</u>

Payables

Payables at June 30, 2009 were as follows:

	<u>SELFPA-E</u>	<u>OLD</u>	<u>EJLD</u>	<u>LBBLD</u>	<u>Total</u>
Vendors	\$ 64,657	\$ 1,356,110	\$ 248,401	\$ 299,543	\$ 1,968,711
Contracts Payable	-	3,912,595	-	-	3,912,595
Other Government	-	53,116	2,192,000	-	2,245,116
Total	<u>\$ 64,657</u>	<u>\$ 5,321,821</u>	<u>\$ 2,440,401</u>	<u>\$ 299,543</u>	<u>\$ 8,126,422</u>

Capital Assets

The following schedules summarize the changes in capital assets by district during the fiscal year:

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

Orleans Levee District

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 11,329,254	\$ 23,700	\$ -	\$ 11,352,954
Construction in progress	9,132,201	5,680,069	(8,721,512)	6,090,758
Total capital assets, not being depreciated	<u>20,461,455</u>	<u>5,703,769</u>	<u>(8,721,512)</u>	<u>17,443,712</u>
Capital assets, being depreciated:				
Buildings	7,405,675	2,898,127	-	10,303,802
Improvements other than buildings	10,441,615	618,748	-	11,060,363
Equipment	8,534,015	486,977	(668,837)	8,352,155
Infrastructure	127,462,571	3,516,608	-	130,979,179
Total capital assets, being depreciated	<u>153,843,876</u>	<u>7,520,461</u>	<u>(668,837)</u>	<u>160,695,499</u>
Less accumulated depreciation for:				
Buildings	4,810,551	258,701	-	5,069,253
Improvements other than buildings	7,794,152	186,178	-	7,980,330
Equipment	6,712,067	474,168	(659,451)	6,526,785
Infrastructure	35,488,636	3,354,897	-	38,843,534
Total accumulated depreciation	<u>54,805,406</u>	<u>4,273,944</u>	<u>(659,451)</u>	<u>58,419,901</u>
Total capital assets, being depreciated, net	99,038,470	3,246,517	(9,386)	102,275,598
Government activities capital assets, net	<u>\$ 119,499,925</u>	<u>\$ 8,950,286</u>	<u>\$ (8,730,898)</u>	<u>\$ 119,719,310</u>
	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 22,054,735	\$ -	\$ -	\$ 22,054,735
Construction in progress	8,330,043	12,306,642	(2,658,188)	17,978,497
Total capital assets, not being depreciated	<u>30,384,778</u>	<u>12,306,642</u>	<u>(2,658,188)</u>	<u>40,033,231</u>
Capital assets, being depreciated:				
Buildings	7,385,207	1,702,062	-	9,087,269
Improvements other than buildings	86,395,796	1,112,039	-	87,507,835
Equipment	1,925,105	91,779	(147,749)	1,869,135
Infrastructure	401,111	-	-	401,111
Total capital assets, being depreciated	<u>96,107,220</u>	<u>2,905,880</u>	<u>(147,749)</u>	<u>98,865,351</u>
Less accumulated depreciation for:				
Buildings	5,625,886	211,923	-	5,837,809
Improvements other than buildings	56,880,897	1,768,298	-	58,649,195
Equipment	1,494,206	214,557	(128,130)	1,580,633
Infrastructure	159,035	36,523	-	195,558
Total accumulated depreciation	<u>64,160,024</u>	<u>2,231,301</u>	<u>(128,130)</u>	<u>66,263,195</u>
Total capital assets, being depreciated, net	31,947,195	674,579	(19,619)	32,602,156
Business-type activities capital assets, net	<u>\$ 62,331,973</u>	<u>\$ 12,981,222</u>	<u>\$ (2,677,807)</u>	<u>\$ 72,635,387</u>

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

East Jefferson Levee District

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 2,438,524	\$ -	\$ -	\$ 2,438,524
Total capital assets, not being depreciated	2,438,524	-	-	2,438,524
Capital assets, being depreciated:				
Buildings and improvements	1,640,596	-	-	1,640,596
Equipment	3,067,129	386,900	(239,168)	3,214,861
Infrastructure	3,200,000	-	-	3,200,000
Total capital assets, being depreciated	7,907,725	386,900	(239,168)	8,055,457
Less accumulated depreciation for:				
Buildings	913,072	43,231	-	956,303
Equipment	2,169,178	219,411	(239,168)	2,149,421
Infrastructure	1,092,500	80,000	-	1,172,500
Total accumulated depreciation	4,174,750	342,642	(239,168)	4,278,224
Total capital assets, being depreciated, net	3,732,975	44,258	-	3,777,233
Government activities capital assets, net	<u>\$ 6,171,499</u>	<u>\$ 44,258</u>	<u>\$ -</u>	<u>\$ 6,215,757</u>

Lake Borgne Basin Levee District

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 256,954	\$ -	\$ -	\$ 256,954
Construction in progress	63,639	-	(63,639)	-
Total capital assets, not being depreciated	320,593	-	(63,639)	256,954
Capital assets, being depreciated:				
Total capital assets	28,807,034	925,618	-	29,732,652
Total capital assets, being depreciated	28,807,034	925,618	-	29,732,652
Less accumulated depreciation for:				
Total capital assets	13,882,139	877,978	-	14,760,117
Total accumulated depreciation	13,882,139	877,978	-	14,760,117
Total capital assets, being depreciated, net	14,924,895	47,640	-	14,972,535
Government activities capital assets, net	<u>\$ 15,245,488</u>	<u>\$ 47,640</u>	<u>\$ (63,639)</u>	<u>\$ 15,229,489</u>

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

Long-Term Debt

The following schedules summarize the changes in long-term debt by district during the fiscal year:

Orleans Levee District

	June 30, 2008	Additions	Retirement	June 30, 2009	One Year
Governmental activities:					
Levee Improvement:					
Fixed Rate Refunding Bonds, Series 1986	\$ 30,105,000	\$ -	\$ (3,415,000)	\$ 26,690,000	\$ 3,685,000
Variable Rate Refunding Bonds, Series 1996	3,375,000	-	(395,000)	2,980,000	425,000
Total Levee Improvement Bonds Payable	33,480,000	-	(3,810,000)	29,670,000	4,110,000
Public Improvement:					
Fixed Rate Refunding Bonds, Series 1986	19,550,000	-	(1,905,000)	17,645,000	2,040,000
Variable Rate Refunding Bonds, Series 1996	1,500,000	-	(150,000)	1,350,000	160,000
Total Public Improvement Bonds Payable	21,050,000	-	(2,055,000)	18,995,000	2,200,000
Less:					
Unamortized issue costs	(215,733)	-	45,269	(170,464)	-
Unamortized discounts	(145,690)	-	20,813	(124,877)	-
Unamortized loss on refunding	(21,112)	-	4,950	(16,162)	-
Net Public Improvement Bonds Payable	20,667,465	-	(1,983,968)	18,683,497	2,200,000
Long Term Borrowing from State of Louisiana	17,347,563	8,778,108	-	26,125,671	-
Community Disaster Loans	10,063,789	286,154	-	10,349,943	-
Total Bonds and Notes Payable	81,558,817	9,064,262	(5,793,968)	84,829,111	6,310,000
Compensated absences	844,553	-	(74,999)	769,554	65,747
Judgments	25,875,480	315,681	(100,000)	26,091,161	-
Post-employment benefit liability	1,046,154	1,046,154	(435,135)	1,657,173	-
Governmental activity long-term liabilities	109,325,004	10,426,097	(6,404,102)	113,346,999	6,375,747
Business Type Activities					
Compensated absences	126,126	-	(23,689)	102,437	33,804
Post-employment benefit liability	185,664	185,664	-	371,328	-
Total Long Term Obligations	\$ 109,636,794	\$ 10,611,761	\$ (6,427,791)	\$ 113,820,764	\$ 6,409,551

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

Lake Borgne Basin Levee District

	June 30, 2008	Additions	Retirement	June 30, 2009	Due Within One Year
Governmental activities:					
Governmental activities:					
Bonds Payable	\$ 640,000	\$ -	\$ (640,000)	\$ -	\$ -
Accrued compensated absences	136,294	77,063	(87,609)	125,748	40,000
Post-employment benefit liability	713,338	711,600	(58,669)	1,366,269	-
Total general long-term debt	\$ 1,489,632	\$ 788,663	\$ (786,278)	\$ 1,492,017	\$ 40,000

East Jefferson Levee District

	June 30, 2008	Additions	Retirement	June 30, 2009	Due Within One Year
Governmental activities:					
Governmental activities:					
Accrued compensated absences	\$ 169,505	\$ 129,587	\$ (118,832)	\$ 180,260	\$ -
Post-employment benefit liability	-	453,000	(32,956)	420,044	-
Total general long-term debt	\$ 169,505	\$ 582,587	\$ (151,788)	\$ 600,304	\$ -

Community Disaster Loans

The CDL Act of 2006, authorized up to \$1 billion in direct loans to local governments and organizations providing government services that were adversely affected by a disaster affecting its ability to provide essential municipal services. During the period July through September, 2006, the Orleans Levee District executed a series of promissory notes under the CDL Program with the Federal Emergency Management Agency, to obtain funds necessary to replace working capital used in the aftermath of Hurricane Katrina. The loans had to be used solely for operating expenses and could not be used for construction or debt service. Monies borrowed under these agreements were used to replace funds that paid salaries and benefits for District personnel over the 11-month period following the storm.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

Amounts of the notes and respective interest rates are:

	<u>Date</u>	<u>Amount</u>	<u>Rate</u>
1. 1603LA57	06/21/2011	\$ 3,346,000	3.12%
2. 1603LA57A	08/27/2011	671,734	2.93%
3. 1603LA74A	09/10/2011	230,752	2.87%
4. 1603LA74B	08/27/2011	<u>5,312,334</u>	2.93%
Total		<u>\$ 9,560,820</u>	

No repayment is required for 5 years from the date of issuance, but interest accrues from the disbursement date. Interest accrued during the fiscal year ending June 30, 2009 amounted to \$286,154, and the total amount outstanding, including interest at June 30, 2009 was \$10,349,943.

As collateral for these notes the District has provided a subordinated pledge of its revenues from its various real estate and mineral holdings located in Orleans and Plaquemines Parishes, Louisiana. The pledge is on net revenue after payment of all operating expenses and debt service, and is further subordinated to any future debt instruments secured on a first lien basis.

Loans from the State of Louisiana

On July 19, 1996 the Orleans Levee District entered into a cooperative endeavor agreement with the State of Louisiana constituting a loan agreement between the two parties wherein the State agreed to lend to the District \$26,125,671 for the sole purpose of paying the debt service on the then outstanding 1986 and 1996 Series, Special Levee and Public Improvement bonds described in the paragraphs above. The agreement provides assurance that financial disruptions brought on by Hurricanes Katrina and Rita would not cause a failure in the ability of the District to meet its obligations to bondholders.

The terms of the loan include a maturity date 20 years from the delivery of the bonds issued by the State. In the first 5-years, neither principal nor interest are payable. Thereafter the loan will bear interest at a fixed rate of 4.64% and shall be repaid in level installments over the remaining 15 years of the agreement's term. The District has the right to request one additional extension of its obligation to begin payments, not to exceed 5 years. Such an extension can be made at the sole judgment of the Office of Community Development approved in writing by the Commissioner of Administration. The funds are to be used solely for payment of debt service on the identified bonds. The loan is payable from available revenue and subordinated to the existing obligations of the borrower.

The State issued bonds noted above were delivered in 2006. For the purposes of reporting future debt payments, no extension requests are assumed.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

At 4.64% interest, assuming all funds are borrowed, the annual installment due for debt service beginning in fiscal 2012 is \$2,456,132 through 2026. The amount outstanding as of June 30, 2009 is \$26,125,671.

Property Taxes

Orleans Levee District

Article 6, Section 39 of the 1974 Louisiana Constitution provides that the District may levy an annual tax not to exceed 5.46 mills to construct and maintain levees, levee drainage, flood protection, hurricane flood protection, and all other purposes incidental thereto. If the District needs to raise additional funds in excess of the amount authorized by the constitution, the taxes in excess of 5.46 mills must be approved by a majority vote of the electors of Orleans Parish.

By general election held in the City of New Orleans on November 19, 1983, the voters of the parish of Orleans elected to continue a 6.55 mill ad valorem tax on assessed property for a period of 30 years (1985-2015) to finance hurricane and flood protection projects and to fund the retirement of levee improvement bonds. The electorate also approved an on-going maintenance tax of 0.75 mills for maintaining the flood protection system.

As a result of the quadrennial assessment conducted prior to the tax assessment of 2008, the millage rates were reduced from the levels assessed in 2007. Actions by the Board adjusted the millage rates in both 2008 and 2009. The following table shows the maximum rates as well as the rates billed in 2009:

	<u>Authorized</u>	<u>Levied 2009</u>
Parish-wide taxes:		
Constitutional	5.46	5.25
Maintenance	0.75	0.75
Levee Improvement	<u>6.55</u>	<u>4.95</u>
	<u>12.76</u>	<u>10.95</u>

The rates authorized and levied have been adjusted because of reassessment of property as provided in Article 7, Section 23 of the 1974 Louisiana Constitution.

At June 30, 2009, approximately \$760,619 of property taxes have been paid under protest and is, therefore, not recorded in the financial statements. The resolution of these protests is not determinable at this time.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

Lake Borgne Basin Levee District / East Jefferson Levee District

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 all other purposes incidental thereto, the levee district may levy annually a tax not to exceed five mills. If the levee district needs to raise additional funds in excess of the amount collected constitutionally, the taxes in excess of five mills must be approved by a majority vote of the electors.

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

NOTE 4 – PENSION PLAN

Authority

Effective May 10, 2007, all full-time employees of the Authority are members of the Louisiana State Employees' Retirement System (the "System"), a multiple-employer, public employee retirement system (PERS) controlled and administered by a separate board of trustees.

All full time employees are eligible to participate in the System. Benefits vest with ten years of service. Vested employees may retire at (a) any age with thirty years of service or (b) age 55 with twenty-five years of service. A participant's basic annual retirement benefit is equal to \$300 plus 2.5% of their highest consecutive 36 month average salary multiplied by their years of credited service. Participants who became members of the System on or after July 1, 1986, are not eligible for the \$300 addition to the annual retirement benefit formula. The maximum annual retirement benefit may not exceed the lesser of 100% of a member's average compensation or certain specified dollar amounts of actuarially determined monetary limits depending upon the member's age at retirement. As an alternative to the basic retirement benefit, a member may elect to receive his retirement benefits under any one of four different options providing for a reduced retirement benefit payable throughout his life with certain benefits being paid to his designated beneficiary after his death. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees' Retirement System.

Covered employees are required by State statute to contribute 7.5% of their gross salary to the System. The Authority's contribution rate for 2009 is 18.5%. The Authority's contribution rate for 2008 was 20.4%. Contributions to the System during fiscal year ended June 30, 2009 were funded through employee and employer contributions. Employer contributions were \$31,778. The total payroll of the Authority, fully covered by the system, was \$171,774. Under

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 4 – PENSION PLAN (CONTINUED)

present statutes, the Authority does not guarantee any of the benefits granted by the system.

Orleans Levee District

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

All full-time District employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 month average salary multiplied by their years of credited service. Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, if they were hired prior to July 1, 2006, and 8% after July 1, 2006. The contribution rate for the fiscal year ending June 30, 2009 is 18.5%. The contribution rate for fiscal years ending June 30, 2008 and 2007 were 20.4% and 19.1%, respectively. The District's contribution to the System for the years ending June 30, 2009, 2008 and 2007 were \$1,362,907, \$991,929, and \$971,251, respectively, equal to the required contributions for each year.

Lake Borgne Basin Levee District

Substantially all of the employees of the Lake Borgne Basin Levee District are members of the Louisiana State Employees' Retirement System (the "System"), a multiple-employer, defined benefit, public employee retirement system (PERS) controlled and administered by a separate board of trustees.

All full time employees are eligible to participate in the System. Benefits vest with ten years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 month average salary multiplied by their years of credited service.

Vested employees may retire at (a) any age with thirty years of service, (b) age 55 with twenty-five years of service, or (c) at age sixty with ten years of service. In addition, vested

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 4 – PENSION PLAN (CONTINUED)

employees have the option of reduced benefits at any age with twenty years of service. The System also provides death and disability benefits. Benefits are established by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees' Retirement System; P. O. Box 44213; Baton Rouge, LA 70804 or by calling (800) 258-3000.

Members employed on or before June 30, 2006 are required by state statute to contribute 7.5% of gross salary, all other members are required to contribute 8% and the Lake Borgne Basin Levee District is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2009 is 18.5%. The contribution rates for fiscal years ending June 30, 2008 and 2007 were 20.4% and 19.1%, respectively. The District's contributions to the System during the fiscal years ended June 30, 2009, 2008, and 2007 were \$177,233, \$183,387, and \$158,903, respectively, equal to the required contributions for the year. Under present statutes, the Lake Borgne Basin Levee District does not guarantee any of the benefits granted by the System.

East Jefferson Levee District

Substantially all of the employees of the East Jefferson Levee District are members of the Louisiana State Employees' Retirement System (the "System"), a multiple-employer, defined benefit, public employee retirement system (PERS) controlled and administered by a separate board of trustees.

All full time employees are eligible to participate in the System. Benefits vest with ten years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 month average salary multiplied by their years of credited service.

Vested employees may retire at (a) any age with thirty years of service, (b) age 55 with twenty-five years of service, and (c) at age sixty with ten years of service. In addition, vested employees have the option of reduced benefits at any age with twenty years of service. The System also provides death and disability benefits. Benefits are established by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees' Retirement System; P. O. Box 44213; Baton Rouge, LA 70804 or by calling (800) 256-3000.

Members employed on or before June 30, 2006 are required by state statute to contribute 7.5% of gross salary. All other members are required to contribute 8% and the East Jefferson Levee District is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2009 is 18.5%. The contribution rate for fiscal years ending June 30, 2008 and 2007 were 20.4% and 19.1%, respectively. The District's contributions to the System during the fiscal years ended June 30, 2009, 2008, and 2007, were \$321,309, \$336,427, and \$291,352, respectively, equal to the

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 4 -- PENSION PLAN (CONTINUED)

required contributions for each year. Under present statutes, the East Jefferson Levee District does not guarantee any of the benefits granted by the system.

NOTE 5 - STATE GRANTS

The Authority receives funding from the Louisiana Department of Environmental Protection to carry out the purpose for which the Authority was organized. For the year ended June 30, 2009, the Authority received \$500,000.

NOTE 6 - RISK RETENTION

The Authority is exposed to various risks associated with actions and decisions of the Board. The Authority acquired commercial insurance on March 16, 2007 in the form of public officials and employment practices liability insurance. There have been no claims filed since March 16, 2007.

NOTE 7 - LITIGATION AND CLAIMS

There were no material judgments, claims, or similar contingencies pending against the Authority, East Jefferson Levee District, or Lake Borgne Basin Levee District, at June 30, 2009.

Orleans Levee District

Numerous lawsuits have been filed by individuals and various statutes have been passed by the Louisiana Legislature concerning the return of certain expropriated properties in the Bohemia Spillway and the payment of royalties and rents derived from these properties to the original owners of the properties.

Act 233 of 1984, as amended by Acts 819 of 1985, 847 of 1992, 1364 of 1997, 1378 of 1999, and 130 of 2005, requires the Board of Commissioners of the Orleans Levee District, upon receipt of the names of certified claimants from the Secretary of the Louisiana Department of Natural Resources (DNR), to return the ownership of properties in the Bohemia Spillway in the parish of Plaquemines to the owners or their successors from whom the property was acquired by expropriation or by purchase under threat of expropriation.

Before the effective date of Act 1364 of 1997 and 1378 of 1999, DNR certified claimants who had an interest in 164 of 220 tracts of land in the Bohemia Spillway for the return of the property. All property claims certified by the DNR as of October 1, 2002 have been returned. All claims certified as of June 30, 2005, have been conveyed. Upon the return of the property, the District is required to return the royalties, and other similar revenues, collected since June 29, 1984, until the date of transfer.

Judgment was rendered in *Haspel & Davis v. Board of Commissioners of the Orleans Levee District*, Case No. 31-357, in favor of the plaintiffs awarding the sum of \$18,767,145, plus interest from the date of judicial demand until paid, for the sum of revenues paid to the

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 7 - LITIGATION AND CLAIMS (CONTINUED)

District of its share of royalties under mineral leases in the Bohemia Spillway. A number of payments have been made since 2001 as reflected in previous years. On February 26, 2004, a payment in the full sum of \$600,000 was paid into the registry of the Court in the Haspel & Davis class action. The Court accepted the payment as being current on the settlement agreement amortization plan. The class members in Haspel & Davis have agreed to accept \$10,076,559 to settle the case. Additional payments of \$350,000 and \$100,000 were made on January 4, 2005 and \$100,000 on March 20, 2008.

During fiscal year 2007, plaintiffs in the class brought action in federal court alleging a violation of their civil rights by the District's failure to return revenues attributable to their properties. On October 10, 2006 the District Court rendered a judgment in favor of plaintiffs in the amount of \$17,442,323, plus interest and attorneys fees. On July 23, 2007, the Fifth Circuit Court of Appeals issued a unanimous opinion overturning the actions of the District Court. On August 3, 2007, plaintiffs filed a petition for panel rehearing. To this date, the Fifth Circuit Court of Appeals has taken no action on that request.

The plaintiffs returned to State Court in Plaquemines Parish, seeking to hold the Authority, its commissioners, the District and the Division of Administration, State of Louisiana in contempt for not fully satisfying the consent judgment. On December 16, 2008, the District judge denied the plaintiffs' motion. No appeal was sought and no further activity has occurred since.

A number of additional suits seeking return of lands and related revenue are being adjudicated relating to alleged rights to the property under the statute. The District is working to determine if the certifications by the Louisiana Department of Natural Resources ("DNR") are in order and determine the amount of these claims.

Additional activities have been undertaken and suits filed by those who seek to claim mineral producing properties which the District owns. The District maintains these properties were never subject to the Return of Lands Act. Further proceedings have been initiated claiming errors in the certification process by DNR. It would not be feasible to quantify the potential impact of such litigation because of the uncertainty of the success of such claims and the fact that no research on the production of this land has been performed. The District is vigorously defending its ownership these assets.

Judgments in the Bohemia Spillway matter will be paid if and when funds become available, and when funds are appropriated therefore.

At June 30, 2009, the District is a defendant or co-defendant in multiple lawsuits in addition to those relating to Hurricane Katrina.

The District's legal counsel has reviewed all claims and lawsuits to evaluate the likelihood of an unfavorable outcome to the District and has attempted to arrive at an estimate of the amount of potential loss. For the lawsuits involving claims or damages not related to the Bohemia Spillway, the District's legal counsel does not anticipate that potential losses

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 7 - LITIGATION AND CLAIMS (CONTINUED)

resulting from these lawsuits will have a significant adverse effect on the financial position of the District.

Numerous class action lawsuits have been filed in connection with Hurricane Katrina, which are being handled under the District's general and excess liability insurer. There is a motion before the court to settle this litigation for the amount of insurance coverage. The motion is under consideration by the judge.

As reflected in Statement A, estimated liabilities relating to judgments and legal contingencies totaled \$26,091,161 at June 30, 2009. The amount recorded during the current fiscal year, as a change in estimated liability, was \$180,529, and is included on Statement B.

NOTE 8 - COMPENSATION PAID TO BOARD MEMBERS

The schedule of per diem payments to the Southeast Louisiana Flood Protection Authority – East Board of Commissioners members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Authority members are paid per diem for each meeting they attend, as authorized by Louisiana Revised Statute 330.1 L.

The amounts paid to Board members during the year were as follows:

Timothy P. Doody	\$ 4,331
Abril B. Sutherland	2,464
Stephen Estopinal	2,985
John M. Barry	2,107
George Losonsky	2,821
David P. Barnes, Jr.	2,821
Stradford A. Goins	3,816
Thomas I. Jackson	3,705
Larry A. McKee	998
Louis E. Wittie	4,141
Ricardo Pineda	2,066
	<u>\$ 32,255</u>

NOTE 9 – POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Orleans Levee District

Substantially, all District employees become eligible for post-employment health care, dental, and life insurance benefits if they reach normal retirement age while working for the District. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the District. Benefits paid in 2009 for the 102 retirees totaled \$435,135.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 9 – POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

Post-employment Healthcare Plan

Plan Description: The District's defined benefit health care plan, currently provided by United Health care, provides medical benefits to active and eligible retired District employees and their beneficiaries. The Board may amend the plan as it sees fit, and can likewise define the cost to employees and retirees.

Funding Policy: Members receiving benefits contribute \$227 per month for retiree-only coverage, \$474 per month for retiree and spouse, \$434 for retiree and child, \$722 for retiree and family, or \$227 for surviving spouse.

The District's annual required contribution (the "ARC") is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The current ARC rate is 19.4% of annual covered payroll. The District's governing body will in the upcoming year review the costs and benefits program and determine a funding plan. The ARC has not been funded for fiscal year 2009. The assumed investment rate of return used in the valuation is 4%.

Annual OPEB Cost: For 2009, the District's annual OPEB cost (expense) of \$1,684,886 for healthcare costs was equal to the ARC. The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the preceding year were as follows:

Normal cost	\$ 527,355
30-year UAL amortization amount	1,157,531
Interest on the above	-
Annual required contribution (ARC)	<u>\$ 1,684,886</u>

The following table presents the Levee District's OPEB Obligation for the fiscal year 2009:

Beginning net OPEB obligation, July 1, 2008	\$ 1,231,818
Annual required contribution	1,231,818
Interest on net OPEB obligation	-
OPEB Cost	\$ 2,463,636
Contributions made (retiree cost)	<u>(435,135)</u>
Change in net OPEB obligation	<u>2,028,501</u>
Ending net OPEB obligation, June 30, 2009	<u>\$ 2,028,501</u>

Funded Status and Funding Progress: The funded status of the plan, as of June 30, 2009, was as follows:

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 9 – POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

Healthcare

Actuarial accrued liability (AAL)	\$ 18,526,556
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 18,526,556
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 6,132,840
UAAL as a percentage of covered payroll	302%

Life Insurance

Actuarial accrued liability (AAL)	\$ 1,840,314
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 1,840,314
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 6,132,840
UAAL as a percentage of covered payroll	30%

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, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2008 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included 4% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 5% after ten years. Both rates include a 4.5% inflation assumption. The actuarial value of XPHP assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The District's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2008, was thirty years.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 9 – POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

Schedule of Funding Progress for OPEB Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
07/01/2008	\$0	\$ 20,366,870	\$ 20,366,870	0%	\$ 6,132,840	332%
07/01/2007	\$0	\$ 20,016,153	\$ 20,016,153	0%	\$ 5,894,670	339%

Post-employment Life Insurance Benefits

Retirees have the option to keep Optional Life/Supplemental Insurance. Supplemental Life-Retiree amount of coverage is based on either 150% (Option 1) or 250% (Option 2) of the retiree's annual salary (prior to retirement), to a maximum coverage of \$70,000. Premium is based on the amount of coverage and the retiree's age. OLD pays 50% of the premium. Retiree must have a monthly salary of \$1,000 or more to choose Option 1 or 2. Approval is determined by the insurance carrier (Guardian Life Insurance). This benefit must be selected for continuation at the time of retirement. Retiree cannot choose this option after retirement.

Under the provisions of OLD Group Life Insurance program with Guardian Life Insurance Company ("Guardian"), premium rates are adjusted every five years to reflect an increase in cost as retirees move from one age group to another. Because of the increase in the older age groups, Guardian views the retirees as a higher risk. To compensate for the risk factor, premiums are increased to cover the anticipated additional cost.

Life Insurance coverage is reduced by 50% at the age of 70.

Retirees cannot maintain spouse or dependent life insurance. Retirees cannot maintain Basic Life coverage of \$5,000 or accidental death and dismemberment ("AD&D") insurance.

Lake Borgne Basin Levee District

Post-employment Health Care and Life Insurance Benefits

Plan Description: Lake Borgne Basin Levee District employees may participate in the State's Other Post-employment Benefit Plan ("OPEB Plan"), an agent multiple-employer, defined benefit OPEB Plan (for FY 2009) 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 the Louisiana Comprehensive Annual Financial Report ("CAFR"). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 9 – POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

Funding Policy: The contribution requirements of plan members and the Levee District are established and may be amended by LRS 42:801-883. Employees do not contribute to their post-employment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to 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 ("OGB") 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. Depending upon the plan selected, during fiscal year 2009, employee premiums for a single member receiving benefits range from \$34 to \$92 per month for retiree-only coverage with Medicare, to \$126 to \$170 per month for retiree-only coverage without Medicare. The fiscal year 2009 premiums for retiree and spouse range from \$69 to \$165 per month for those with Medicare, to \$408 to \$493 per month for those without Medicare.

The Plan is currently financed on a pay as you go basis, with the Levee 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 2009. Also, the Levee District's contributions range from \$207 to \$427 per month for retiree and spouse with Medicare of \$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.

Effective with the Fiscal Year beginning July 1, 2007, the District prospectively implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions* (GASB 45).

The Annual OPEB Cost: The Levee 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 \$776,300 as set forth below.

Normal cost	\$ 405,500
30-year UAL amortization amount	306,100
Interest on the above	-
Annual required contribution (ARC)	<u>\$ 711,600</u>

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 9 – POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

The following table presents the Levee District's OPEB Obligation for the fiscal year 2009:

Beginning net OPEB obligation, July 1, 2008	\$ 713,338
Annual required contribution	711,600
Interest on net OPEB obligation	-
OPEB Cost	<u>\$ 1,424,938</u>
Contributions made (retiree cost)	<u>(58,669)</u>
Change in net OPEB obligation	<u>1,366,269</u>
Ending net OPEB obligation, June 30, 2009	<u>\$ 1,366,269</u>

The following table reflects the LA OPEB's Fund annual post-employment benefits cost, percentage of that cost contributed, and the net unfunded post-employment obligation at the end of the year (amounts in thousands). Since the 2009 fiscal year is the second fiscal year for which GASB 45 is applicable for the Levee District, no information for prior years is presented.

Funding Status and Funding Progress: As of June 30, 2008, the Levee District did not have an OPEB trust. A trust was established with an effective date of July 1, 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 of \$7,609,900 was unfunded.

The funded status of the plan as of June 30, 2009, was as follows:

Actuarial accrued liability (AAL)	\$7,292,600
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$7,292,600
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employees covered by the plan)	914,600
UAAL as a percentage of covered payroll	797%

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 into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. 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, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 9 – POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

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 method 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% 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 State'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, 2009 was twenty nine years.

Schedule of Funding Progress for OPEB Plan

A Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
06/30/2008	\$0	\$ 7,292,600	\$ 7,292,600	0%	\$ 914,600	797%
06/30/2007	0	7,609,900	7,609,900	0%	1,125,170	676%

East Jefferson Levee District

Substantially all of the District's employees are eligible for postemployment health care and life insurance. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the District. Benefits paid in 2009 for the 16 retirees totaled \$32,956.

Post-employment Health Insurance Benefits

Plan Description: The District's defined benefit healthcare plan, currently provided by Humana, provides medical benefits to active and eligible retired District employees and their beneficiaries. The Southeast Louisiana Flood Protection Authority – East (SELFPA-E) board may amend the plan as it sees fit, and can likewise define the cost to employees and retirees.

Funding Policy: Members receiving benefits contribute \$246.24 per month for retiree-only coverage, \$541.72 per month for retiree and spouse, \$517.09 for retiree and child, or \$738.70 for retiree and family coverage.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 9 – POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

The District's annual required contribution, the employer ("ARC"), is an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The District's governing body will in the upcoming year review the costs and benefits program and determine a funding plan. The ARC has not been funded for fiscal 2009. The assumed investment rate of return used in the valuation is 4%.

Annual OPEB Cost: The Levee 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 \$241,864, as set forth below.

Normal cost	\$ 125,599
30-year UAL amortization amount	116,265
Interest on the above	-
Annual required contribution (ARC)	<u>\$ 241,864</u>

The following table presents the Levee District's OPEB Obligation for the fiscal year 2009:

Beginning net OPEB obligation, July 1, 2008	\$ 211,136
Annual required contribution	241,864
Interest on net OPEB obligation	-
OPEB Cost	\$ 453,000
Contributions made (retiree cost)	<u>(32,956)</u>
Change in net OPEB obligation	<u>420,004</u>
Ending net OPEB obligation, June 30, 2009	<u>\$ 420,004</u>

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

Funded Status and Funding Progress: The funded status of the plan, as of June 30, 2009, was as follows:

Healthcare and Life Insurance

Actuarial accrued liability (AAL)	\$ 4,021,166
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 4,021,166
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 2,195,719
UAAL as a percentage of covered payroll	183%

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 9 – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

Schedule of Funding Progress for OPEB Plan

A	Actuarial	Actuarial	Unfunded	Funded
Actuarial	Value of	Liability	AAL (UAAL)	Ratio
Valuation	Assets	(AAL)-	(b-a)	(a/b)
Date	(a)	Age (b)		
06/30/2008	\$0	\$ 4,021,166	\$ 4,021,166	0%
06/30/2007	\$0	\$ 2,010,583	\$ 2,010,583	0%

Post-Employment Life Insurance Benefits

Members become eligible for life insurance benefits upon retirement where the retiree has met 10 years of service and 62 years of age, or 25 years of service at any age. Members are responsible for ½ of insurance premium equal to the premium at time of retirement. Under the provisions of East Jefferson Group Life Insurance program with American United Life, premium rates are adjusted every five years to reflect an increase in cost as retirees move from one age group to another. Because of the increase in the older age groups, Humana views the retirees as a higher risk. To compensate for the risk factor, premiums are increased to cover the anticipated additional cost.

Life Insurance coverage is reduced by 35% at the age of 70.

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 for into the future. Examples include assumptions about future employment, mortality, and 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, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial method 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.

NOTE 10 – AD VALOREM TAXES

In accordance with legislation approved in the past 2 years, the Algiers Levee District was formed out of that portion of the land area historically a part of the Orleans Levee District,

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 10 – AD VALOREM TAXES (CONTINUED)

but geographically on the West Bank of the Mississippi River. Concurrent with that transfer of responsibility, the legislation provided that taxes collected from the residents of that area would be collected by the Orleans Levee District, and, after deduction of a pro rata share of the Orleans' District's debt service, the remainder of the taxes would be remitted to the Algiers District.

All taxes collected from Algiers are included in Ad Valorem Tax Revenue on the Statement of Activities and on the Statement of Changes in Net Assets. The following table indicates the total amount of taxes collected, the amount sent to Algiers Levee District, and the amount retained for the payment of Debt Service. (See Note 13 – Other Transfers)

At such time as the debt is retired, all of the Algiers taxes will be remitted to that District.

	<u>2009</u>	<u>2008</u>
Total taxes collected, Algiers	\$2,166,153	\$1,590,604
Amount remitted to Algiers	1,433,620	1,560,466
Amount retained by the Orleans District	732,533	30,138

NOTE 11 – CONSTRUCTION COMMITMENTS

The SLFPA-E has commitments to construction contracts and other projects relating to special levee improvements, major maintenance, pump stations, as well as infrastructure due to damages caused by Hurricane Katrina. Construction commitments related to business-type activities, including the Lake Vista Community Center, Lake Shore Drive, New Orleans Lakefront Airport, South Shore Harbor, and Orleans Marina, in the aggregate, amount to \$2,973,825. Construction commitments related to damages caused by Hurricane Katrina amount to \$11,775,257. All other construction commitments relating to levee improvement, maintenance, pump stations and other repairs and projects amount to \$1,871,316.

NOTE 12 – DUE TO/DUE FROM AND TRANSFERS – ORLEANS LEVEE DISTRICT

List by fund type the amounts due from other funds detailed by individual fund at fiscal year-end:

(Types of funds include general fund, statutory dedicated funds, discrete component unit funds, etc).

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 12 – DUE TO/DUE FROM AND TRANSFERS – ORLEANS LEVEE DISTRICT (CONTINUED)

General Fund Due Tos and Froms Non Flood Division

Due from Real Estate Admin Fund	\$	7,230,415
Due from South Shore Harbor		3,753,492
Due from LVCC		1,259
Due to Non Flood Gen'l Improve Fund		(617,110)
Due to Orleans Marina		(786,467)
Due to Lakefront Airport		(2,912,670)

Net Flood Control Due From (to) Real Estate Division		6,668,919
---	--	-----------

Real Estate (Non-Flood Division)

Administrative fund

Due from General Improvement Fund		4,717,895
Due From Airport		5,291,039
Subtotal Due from		10,008,934

Due to Lake Vista Community Center		(26,575)
Due to South Shore Harbor		(5,571,090)
Due to New Basin Canal		(1,618,416)
Subtotal Due to		(7,216,081)

Lake Vista Community Center Due from Admin		26,575
South Shore Harbor Due from Admin		5,571,090
New Basin Canal Due from Admin		1,618,416
Subtotal Due from		7,216,081

General Improvement Fund Due to Admin		4,717,895
Airport Due to Admin		5,291,039
Subtotal Due from		10,008,934

Net Due to/from, Non-Flood Funds within the divisions		\$ -
--	--	------

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 12 – DUE TO/DUE FROM AND TRANSFERS – ORLEANS LEVEE DISTRICT (CONTINUED)

Real Estate /on Flood Division's due (tos) from the Flood Control Division

Admin fund due to Flood Division General Fund	\$ (7,230,415)
Airport fund due from Flood Control Fund	2,912,670
Orleans Marina due from Flood Division	786,467
South Shore Harbor Due to Flood Divisions	(3,753,492)
LVCC Due to Flood Division	(1,259)
Gen Improv Fund due from Flood Control	617,110
Net amount due to Flood Control	<u><u>\$ (6,668,919)</u></u>

Although the Real Estate Administrative fund and the General Improvement Fund are shown among the governmental funds because they have public safety, recreation and roadway responsibilities, State Law dictates that they be managed apart from the Flood Divisions. This report follows in most respects the dictates of GASB 34 in separating governmental and business-type activities, but in certain cases such as this, the flood control and real estate functions are shown.

OPERATING TRANSFERS AMONG THE FUNDS OF THE DISTRICT

Debt Service Fund from the Special levee Improvement Fund	\$ 5,580,360	\$ -
Debt Service Fund from the General Fund	3,197,746	-
Non Flood / Enterprise Funds from Flood Control	1,813,500	-
General Improvement Fund from SLIP Fund	-	-
	<u>10,591,606</u>	<u>-</u>
From Special Levee Improvement Projects Fund To the Debt Service Funds	-	5,580,360
From the General Fund to the Debt Service Fund	-	3,197,746
To Non Flood Division, Enterprise Funds	-	1,813,500
SLIP Fund To General Improvement Fund	-	-
	<u>-</u>	<u>10,591,606</u>
Total	<u><u>\$ 10,591,606</u></u>	<u><u>\$ 10,591,606</u></u>

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 12 – DUE TO/DUE FROM AND TRANSFERS – ORLEANS LEEVE DISTRICT (CONTINUED)

OTHER TRANSFERS

Legislation creating the Algiers Levee District provided that taxes collected from the geographic area associated with the new district be received on their behalf by the Orleans Levee District. The law further provided that a pro-rata share of the Orleans Levee District's debt service be deducted from the amount collected, and the remainder be transmitted to the new district. Since the new Algiers Levee District did not come into being until July 13, 2007, but ad valorem taxes are collected on a calendar year basis, implementation of the law resulted in the Orleans Levee District making certain payments to the Algiers District beginning in fiscal year 2008.

NOTE 13 – PRIOR PERIOD RESTATEMENT

Governmental activities net assets in the government-wide financial statements as of July 1, 2008 have been adjusted to correct estimates in the valuation of infrastructure assets of the Orleans Levee District. The following table represents the changes to the governmental activities net assets:

	As Previously Reported	As Restated	Decrease In Net Assets
Infrastructure, net of accumulated depreciation	<u>\$ 93,904,047</u>	<u>\$ 92,216,013</u>	<u>(\$ 1,688,034)</u>
Total	<u>\$ 93,904,047</u>	<u>\$ 92,216,013</u>	<u>(\$ 1,688,034)</u>

Annual Fiscal Report to the Office of the Governor,
Division of Administration, Office of Statewide
Reporting and Accounting Policy,
as of and for the Year Ended
June 30, 2009

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 2009

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
6508 Spanish Fort Blvd.
New Orleans, Louisiana 70124

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

Physical Address:
1201 N. Third Street
Claiborne Building, 6th Floor, Suite 6-130
Baton Rouge, Louisiana 70802

Physical Address:
1600 N. Third Street
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, ^{Tim} Timothy P. Doody, President of the Southeast Louisiana Flood Protection Authority-East (SELFPA-E) who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of SELFPA-E ^{Tim} at June 30, 2009 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 31st day of AUGUST, 2009.

Timothy P. Doody
Signature of Agency Official

Scott A. Soule
NOTARY PUBLIC

Prepared by: Blenda Boudreaux

Title: Administrator

Telephone No.: 504-355-4100

Date: August 31, 2009

SCOTT A. SOULE
NOTARY PUBLIC
STATE OF LOUISIANA
BAR ROLL NUMBER 20379
COMMISSION EXPIRES AT DEATH

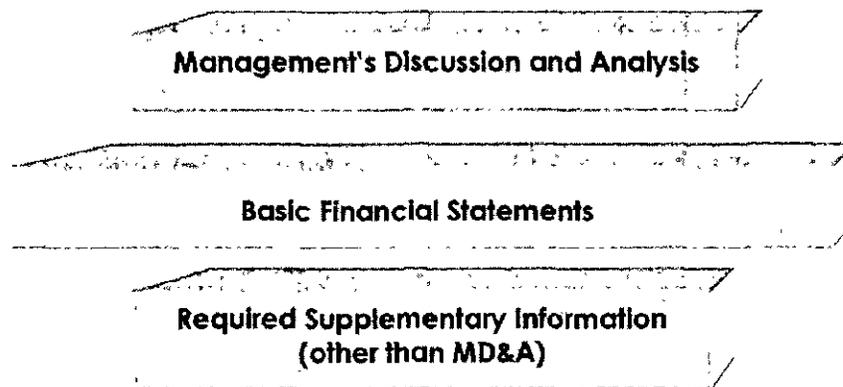
STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of June 30, 2009

The Management's Discussion and Analysis of the Southeast Louisiana Flood Protection Authority – East (the "Authority") presents a narrative overview and analysis of the Authority's financial results for the year ended June 30, 2009. This document focuses on the current year's activities, resulting changes, and currently known facts relating to the four (4) organizations that currently comprise the whole of the Authority:

The administrative arm of the Authority ("SLFPA-E"), the East Jefferson Levee District, the Lake Borgne Basin Levee District and the Orleans Levee District.

Overview of the Financial Statements

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



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements), and Required Supplementary Information.

Basic Financial Statements

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

The Statement of Net Assets presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Authority is improving or deteriorating.

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

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
As of June 30, 2009

The Statement of Cash Flows presents information showing how the Authority's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income(loss) to net cash provided by or used in operating activities (indirect method) as required by GASB 34.

Financial Highlights

Net Assets

The following table describes the net assets of the SLFPA-E at the end of the current and prior fiscal years:

(In Thousands)	Governmental		Business-Type		SLFPA-E	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 124,932	\$ 107,639	\$ 9,279	\$ 3,366	\$ 134,211	\$ 111,005
Capital assets (as restated)	141,164	140,917	72,635	62,332	213,799	203,249
Total assets	<u>266,096</u>	<u>248,556</u>	<u>81,914</u>	<u>65,698</u>	<u>348,010</u>	<u>314,254</u>
Other liabilities	14,726	14,568	1,626	2,624	16,352	17,192
Long-term debt outstanding	109,283	104,674	-	-	109,283	104,674
Total liabilities	<u>124,009</u>	<u>119,242</u>	<u>1,626</u>	<u>2,624</u>	<u>125,635</u>	<u>121,866</u>
Net assets:						
Invested in capital assets, net of debt	92,500	86,387	72,635	62,332	165,135	148,719
Restricted	5,209	5,962	-	-	5,209	5,962
Unrestricted	44,378	36,965	7,653	742	52,031	37,707
Total net assets (as restated)	<u>\$ 142,087</u>	<u>\$ 129,314</u>	<u>\$ 80,288</u>	<u>\$ 63,074</u>	<u>\$ 222,375</u>	<u>\$ 192,388</u>

NOTE: The prior year net assets were restated, resulting in a reduction in net assets of \$1.7 million.

- Combined net assets of the SLFPA-E exceeded its combined liabilities at the close of fiscal year 2009 by \$223 million, compared with combined net assets a year earlier of \$192 million, a 15.1% and \$31 million increase.
- Of the \$31 million increase in net assets, all can be traced to the following non-recurring income: \$6.8 million of insurance recoveries, \$8 million from litigation, \$18.8 million in grant income, the grant income referred to excludes the NASA flow-through transaction of \$12,000,000.
- Of this total increase in net assets, \$12.9 million was derived from the governmental operations of the East Jefferson, Lake Borgne and Orleans Levee Districts, and from SLFPA-E. The business-type operations of the Orleans Levee District contributed \$17.2 million in net asset increases.
- Of the \$12.9 million of revenues contributed by the Governmental Funds, \$10.2 was generated by the Special Levee Improvement Fund of the Orleans Levee District.

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
As of June 30, 2009

Changes in Net Assets

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

(In Thousands)	Governmental		Business-Type		SLFPA-E	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Operating revenues	\$ 1,844	\$ 2,991	\$ 3,476	\$ 3,681	\$ 5,320	\$ 6,672
Operating expenses	(45,880)	(28,426)	(5,979)	(5,506)	(51,859)	(33,932)
Operating loss	(44,036)	(25,435)	(2,503)	(1,825)	(46,539)	(27,260)
Non-operating revenues (expenses)	33,426	34,547	8,333	1	41,759	34,548
Federal grants	19,522	11,263	11,263	8,645	30,785	19,908
Insurance	6,728	1,609	121	938	6,849	2,547
Transfers to enterprise funds	-	(3,953)	-	3,953	-	-
Transfers out, Algiers	(1,434)	(2,466)	-	-	(1,434)	(2,466)
Increase in net assets	\$ 14,206	\$ 15,565	\$ 17,214	\$ 11,712	\$ 31,420	\$ 27,277

- Most recurring revenues for the levee districts as a whole declined from prior levels. Charges to customers for rents and mineral production declined by almost one-half million dollars. Revenue sharing income from the State of Louisiana fell by \$2.1 million, and interest earnings, following the market decline, fell \$1.6 million and 57%. Ad valorem tax revenue (excluding collections by the Orleans district on behalf of Algiers), increased by only \$900,000 and 2.9% on the full accrual basis, and reflected a decline in taxes supporting the Special Levee Improvement fund of the Orleans district of 10.3% and \$1.1 million.
- The change in tax revenues just discussed occurred despite a 22% increase in tax revenues at the East Jefferson District, and reflected a lower than normal rate of collection experienced by the Orleans district.
- Mineral revenues increased by a non-recurring payment to the Lake Borgne District of \$1.3 million. However, this increase was more than offset by a decline in proceeds from mineral producing property of the Orleans District – 80% and \$1.8 million.

Capital Assets

The following table lists the capital assets of the SLFPA-E (net of depreciation) at the end of the current and prior fiscal years:

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
As of June 30, 2009

(In Thousands)	Governmental		Business-Type		SLFPA-E	
	2009	2008	2009	2008	2009	2008
Land	\$ 14,048	\$ 11,079	\$ 22,055	\$ 25,001	\$ 36,103	\$ 36,080
Buildings	7,936	3,323	3,249	1,759	11,185	5,082
Improvements	2,289	5,593	28,859	26,569	31,148	32,162
Movable Property	107	2,720	289	431	396	3,151
Infrastructure	110,693	109,006	206	242	110,899	109,248
Construction in Progress	6,092	9,196	17,977	8,330	24,069	17,526
Total	\$ 141,165	\$ 140,917	\$ 72,635	\$ 62,332	\$ 213,800	\$ 203,249

- Net investment in capital assets increased \$10 million in fiscal 2009, the result of continued rebuilding of assets, primarily in the Real Estate Division of the Orleans Levee District. Net investment for that division was \$10.3 million for the year. Funds were expended at the Orleans Marina to complete the rebuilding of the Harbor Master Building, at South Shore Harbor to replace piers and catwalks; and at the Airport, major repairs continued for hangars as well as the refurbishing of the NOLA Administration building. Over \$2 million dollars was spent on the reconstruction of Shelter Houses, Picnic Shelters damaged by Hurricane Katrina; and work continued on the Lakeshore Drive Reaches.
- Since Hurricane Katrina, vast re-construction and improvements to the flood protection system has occurred, but at federal expense, which is not capitalized on the records of the Districts.

Long Term Debt

- In fiscal 2009, the State of Louisiana advanced the funds for payment of nearly \$9 million of debt service on bonded debt of the Orleans Levee District. Debt outstanding related to this borrowing is \$26.2 million at June 30, 2009. The State has made its last direct payment of debt service on that district's behalf.
- Lake Borgne Basin Levee District completed the repayment of its long term debt.

The following table lists long-term obligations, including the amount of bonds due within one year:

(In Thousands)	Governmental		Business-Type		SLFPA-E	
	2009	2008	2009	2008	2009	2008
Bonds	\$ 48,353	\$ 54,788	\$ -	\$ -	\$ 48,353	\$ 54,788
Notes Payable FEMA	10,350	10,064	-	-	10,350	10,064
Notes Payable Louisiana	26,126	17,347	-	-	26,126	17,347
Judgments payable	26,091	25,875	-	-	26,091	25,875
Post Retirement Benefits	3,391	1,971	371	186	3,762	2,157
Compensated Absences	1,076	1,150	102	126	1,178	1,276
Total	\$ 115,387	\$ 111,195	\$ 473	\$ 312	\$ 115,860	\$ 111,507

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
As of June 30, 2009

- At the end of the current fiscal year, long-term obligations amounted to \$116 million, compared with \$111 million in the prior year. Along with bonds and notes payable, these obligations included judgments payable, contingent liabilities, post retirement benefit liability and compensated absences liability. The increase reflects additional borrowing by Orleans Levee District from the State of Louisiana, liabilities relating to post retirement health care costs, and increased provision for settlement and contingent legal costs.
- The decline in bonds payable reflects amortization of the Orleans Levee District and Lake Borgne Basin Levee District's debt. Because the Orleans Levee District was not forced to use the funds made available by the State's payment of its debt service, the District has sufficient funds necessary to facilitate operations and future payments of debt service.
- Post retirement obligations represent a current recognition of future benefit obligations that the Districts are responsible for.

Variations in Budgets and in Actual Results

Revenues

The Lake Borgne Basin Levee District's original budget called for a total of \$3,659,000 while the amended budget had revenues of \$5,409,000, with the majority of the variance due to the increase in oil and gas royalties. Actual results yielded an increase of \$733,186 to \$6,142,000, mainly due to the increase in tax and governmental revenues. The Orleans Levee District's original budget called for a total of \$15,013,467. Actual results yielded an increase of \$15,442,564, mainly due to the receipt of unexpected mineral revenues. The East Jefferson Levee District's original budget called for a total of \$6,686,000 while the amended budget had revenues of \$9,603,572 with the majority of the variance due to the increase in tax revenues, intergovernmental revenues, and insurance proceeds. Actual results yielded an increase of \$589,310 to \$10,192,882.

Expenditures

The Lake Borgne Basin Levee District's original budget called for a total of \$4,510,400 while the amended budget had expenditures of \$5,410,400, with the majority of the variance due to materials and supplies. Actual results yielded results comparable to the original budget. The East Jefferson Levee District's original budget called for a total of \$5,354,553 while the amended budget had expenditures of \$6,333,380, with the majority of the variance due to hurricane expenses. Actual results yielded amounts comparable to the original budget, with the majority of the variance due to professional services. The Orleans Levee District's original budget called for a total of \$13,222,362 while actual results yielded \$11,046,727, with the majority of the variance due to personnel services and contractual services. Combined variances in the final budget amounts and actual results are shown in the combined statement of revenues, expenditures, and changes in fund balance – budget and actual, located on page 15 of the report.

The budget of the General Fund of the Orleans Levee District was not amended in fiscal 2009. \$12 million in grant funds were received by the Authority in a pass-through transaction to pay for improvements to the levee protection of the Michoud Assembly facility in eastern New Orleans. This amount is classified as grant income within the Special Levee Improvement Fund and as a current operating expense, as the District transferred the funds to the US Army Corps of Engineers for the construction project. The transaction was not budgeted and affects the year-to-year variance and actual-to-budget comparisons of operating costs. This income and expense has been omitted in discussions of variances.

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
As of June 30, 2009

Operating expenses at the Orleans District were less than budgeted by 14%, the result of continued difficulty hiring and a delay in implementing a special pay plan, along with delay in receipt of equipment ordered at year end.

Economic Factors and Next Year's Budgets and Rates

The Authority's elected and appointed officials considered the following factors and indicators when establishing next year's budget, rates, and fees:

- Uncertainty of mineral revenues
- The need for additional personnel
- The need for additional revenues to offset interrupted mineral revenues and to fund necessary operational costs.
- The additional responsibilities vested in the Authority and the individual Districts.
- Lower than expected collection rates for ad valorem taxes
- The cessation of State lending assistance with debt service and the need to plan for refunding or retiring that debt.
- Necessary major maintenance and project expenditures

Contacting the Authority's Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Southeast Louisiana Flood Protection Authority – East's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact SLFPA-E at 6508 Spanish Fort Blvd, New Orleans, Louisiana 70124.

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
STATEMENT OF NET ASSETS
As of June 30, 2009

ASSETS

Current Assets:

Cash and cash equivalents (note C1)	\$	112,018,459
Investments (note C2)		7,667,750
Receivables (note U)		1,213,596
Due from other governments		6,498,130
Inventory		455,209
Other assets		726,753
Restricted assets (note F)		5,630,280
Total current assets		134,210,177

Noncurrent assets:

Capital assets (net of depreciation) (note D)		
Land		36,103,167
Buildings		11,185,162
Improvements other than buildings		27,649,451
Movable property		3,897,646
Infrastructure		110,895,262
Construction in progress		24,069,255
Total noncurrent assets		213,799,943
TOTAL ASSETS	\$	348,010,120

LIABILITIES

Current liabilities:

Payables (note V)	\$	1,968,711
Contracts payable		3,912,595
Deferred revenues		39,500
Accrued compensated absences (note K)		139,551
Due to other agencies		2,245,116
Other liabilities		1,500
Bonds payable (note K)		6,310,000
Accrued bond interest payable		744,150
Total current liabilities		15,361,123

Noncurrent liabilities:

Deferred revenues		550,955
Accrued compensated absences (note K)		1,038,447
Bonds payable (note K)		42,355,000
Notes Payable (note K)		36,475,614
Judgments payable		26,091,161
Post Employment Benefits Payable (Note)		3,762,103
Total noncurrent liabilities (note K & L)		110,273,280
Total Liabilities		125,634,403

Net Assets Invested in capital assets, net of related debt		165,134,943
Restricted		5,209,427
Unrestricted		52,031,347
Total Net Assets		222,375,717
TOTAL LIABILITIES AND NET ASSETS	\$	348,010,120

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

OPERATING REVENUES

Charges for services	\$	5,320,278
Miscellaneous		520,053
Total operating revenues		5,840,331

OPERATING EXPENSES

Cost of services		45,677,338
Depreciation		7,616,280
Total operating expenses		53,293,618
Operating income (loss)		(47,453,287)

NON-OPERATING REVENUES (EXPENSES)

Taxes		34,306,035
State revenue sharing		1,717,300
Investment earnings		1,223,173
Operating grants		1,223,507
Gain (loss) on disposal of capital assets		130,284
Bond issuance costs		(71,032)
Other		(975,456)
Total non-operating revenues (expenses)		37,553,811

Income (loss) before contributions and transfers		(9,899,476)
--	--	-------------

Capital contributions from federal grants		29,561,403
Interest expense		(3,161,794)
Insurance proceeds		6,849,196
Litigation payments (receipts) net		8,070,919
Transfers out, Algiers		(1,433,620)
Total capital contributions		39,886,104

CHANGE IN NET ASSETS		29,986,628
----------------------	--	------------

NET ASSETS AT BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		194,077,123
PRIOR PERIOD ADJUSTMENT (Note DD)		(1,688,034)

NET ASSETS BEGINNING OF THE YEAR, AS RESTATED		192,389,089
---	--	-------------

NET ASSETS AT END OF YEAR	\$	222,375,717
---------------------------	----	-------------

STATE OF LOUISIANA
SOUTHEAST LOUISIAN FLOOD PROTECTION AUTHORITY – EAST
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2009

Cash flows from operating activities	
Cash received from customers	\$ 10,640,987
Cash payments to suppliers for goods and services	(24,151,767)
Cash payments to employees for services	(17,190,105)
	(30,700,885)
 Net cash provided(used) by operating activities	
 Cash flows from capital and related financing activities	
Payments to Algiers	(1,433,620)
Proceeds from federal and state grants	31,433,349
Ad valorem tax revenue	34,897,869
Payments of interest expense	(3,161,794)
Proceeds from sale of bonds	9,064,261
Principal paid on bonds	(6,505,000)
Purchase of capital assets	(18,230,974)
Proceeds from sale of capital assets	193,923
Insurance proceeds	6,849,196
Proceeds from litigation settlement	8,070,919
Other income (expense)	(975,456)
	60,202,673
 Net cash provided (used) by capital and related financing activities	
 Cash flows from investing activities	
Purchases of investment securities	(564,493)
Proceeds from sale of investment securities	386,112
Interest income	1,223,173
	1,044,792
 Net cash provided by investing activities	
 Net Increase in cash	
	30,546,580
Cash & equivalents June 30, 2008	81,471,879
Cash & equivalents June 30, 2009	\$ 112,018,459

**STATE OF LOUISIANA
SOUTHEAST LOUISIAN FLOOD PROTECTION AUTHORITY – EAST
STATEMENT OF CASH FLOWS (CONTINUED)
For the Year Ended June 30, 2009**

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

Operating income(loss)		\$ <u>(47,453,287)</u>
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:		
Depreciation/amortization	<u>7,545,248</u>	
Provision for uncollectible accounts	<u>-</u>	
Other	<u>-</u>	
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	<u>4,800,656</u>	
(Increase)decrease in due from other funds	<u>-</u>	
(Increase)decrease in prepayments	<u>-</u>	
(Increase)decrease in inventories	<u>30,734</u>	
(Increase)decrease in other assets	<u>312,103</u>	
Increase(decrease) in accounts payable and accruals	<u>(436,867)</u>	
Increase(decrease) in compensated absences payable	<u>(98,482)</u>	
Increase(decrease) in due to other funds	<u>-</u>	
Increase(decrease) in deferred revenues	<u>-</u>	
Increase(decrease) in OPEB payable	<u>1,816,947</u>	
Increase(decrease) in other liabilities	<u>2,782,063</u>	
Net cash provided(used) by operating activities		\$ <u><u>(30,700,885)</u></u>

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2009

INTRODUCTION

East Jefferson Levee District

The East Jefferson Levee District was created by Louisiana State Legislature, Act 716 of 1978 effective January 1, 1979, from the territory removed from the Pontchartrain Levee District. The East Jefferson Levee District includes all or portions of the following parishes: Jefferson Parish East at Mississippi River, South of Lake Pontchartrain, bordered by St. Charles Parish. The East Jefferson Levee District primarily provides flood protection for those areas contained in the district. The governing board administers the operations and responsibilities of the levee district in accordance with the provisions of Louisiana statutes. The governing board of the Southeast Louisiana Flood Protection Authority – East (the "Board") administers the operations and responsibilities of the levee district in accordance with the provisions of Louisiana statutes.

Lake Borgne Basin Levee District

The Lake Borgne Basin Levee District (the "District") was created by Louisiana Revised Statute (R.S.) 38:291(G), and effective January 1, 2007 is a component unit of the Southeast Louisiana Flood Protection Authority - East (SLFP AE). The Lake Borgne Basin Levee District is comprised of all the territory contained within the parish of St. Bernard. The levee district primarily provides flood protection for those areas contained in the district. The levee district is responsible for 60 miles of levees, 8 pumping stations, and 53 miles of drainage canals.

The Board administers the operations and responsibilities of the levee district in accordance with the provisions of Louisiana statutes. The District office is located in Violet, Louisiana, and employs 30 full-time employees. The District's operations are funded primarily through ad valorem taxes, state revenue sharing and interest earnings.

Orleans Levee District

The Orleans Levee District (the "District") was established by Act 93 of the 1890 General Assembly of the State of Louisiana. The District has primary responsibility for the operation and maintenance of levees, embankments, seawalls, jetties, breakwaters, water basins, and other hurricane and flood protection improvements surrounding the City of New Orleans, including the southern shores of Lake Pontchartrain and along the Mississippi River. The District is responsible for the maintenance of almost 111 miles of levees and floodwalls.

Act 292 of the 1928 Louisiana Legislature authorized the District to dedicate, construct, operate, and maintain public parks, beaches, marinas, aviation fields, and other like facilities. The District owns and operates a general aviation airport, the New Orleans Lakefront Airport. The District also owns and operates the Orleans Marina and the South Shore Harbor Marina. The Orleans Marina has 352 boat slips. The South Shore Harbor Marina, which was officially dedicated September 19, 1987, has a 43-acre calm water basin, 453 open boat slips, and 26 covered boat slips. The District has approximately 143 full-time employees, including 32 police officers and 8 firefighters.

Until December 31, 2006, the Districts were governed by Boards of commissioners appointed by the governor and local governing authorities. Effective January 1, 2007 Act 1 of the First Extraordinary Session of 2006 provided that flood control activities of the Districts will be governed by the Southeast Louisiana Flood Protection Authority-East, a newly constituted governing Board, in accordance with changes in state law approved by the citizenry on September 30, 2006. Significant non-flood facilities and improvements owned by the Orleans

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2009

Levee District are managed and controlled by the state, through the Division of Administration ("Non-Flood Division").

Authority

The Southeast Louisiana Flood Protection Authority - East (the "Authority") was created as a political subdivision of the State of Louisiana by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38:330.1. The Authority's primary purpose is regional coordination of flood protection of the following levee districts and parts of levee districts and parishes:

- East Jefferson Levee District (EJLD)
- Lake Borgne Basin Levee District (LBBLD)
- That portion of the Orleans Levee District east of the Mississippi River (OLD)
- St. Tammany Levee District
- Tangipahoa Levee District

For the purposes of this report, the "SLFPA-E" combines the financial activity of the Orleans Levee District, the East Jefferson Levee District, and the Lake Borgne Basin Levee District.

The Board of Commissioners of the Southeast Louisiana Flood Protection Authority-East (the "Board") is composed of nine members, of whom there is at least, and not more than, one member from each parish within the territorial jurisdiction of the authority. The members shall be appointed by the governor from nominations submitted by the nominating committee:

(i) Five members shall either be an engineer or a professional in a related field such as geotechnical, hydrological, or environmental science. Of the five members, and one member shall be a civil engineer.

(ii) Two members shall be a professional in a discipline other than that occurring in (i) with at least ten years of professional experience in that discipline.

(iii) Two members who shall be at-large.

The financial statements of the SLFPA-E includes all of the organizations subject to the Authority's governance, as well as the aggregate results of the enterprise fund assets of the Orleans District, and results for the real estate division's general fund and capital improvement fund.

The Real Estate Division fund is organizationally a non-flood control fund and is the administrative fund for the "Non-Flood Division"; however, it has responsibility not only for the Enterprise funds, but also roadways, a bridge and the police force – all government type activities. Thus, the Real Estate division administrative fund is reported with the governmental funds. The General improvement fund is also managed by the real estate fund and organizationally a part of the non-flood division.

The indebtedness of the District is reported in the governmental operations.

Act 475 of the regular 2007 session of Louisiana Legislature mandated that the geographic portion of the District that exists on the west bank of the Mississippi River would become a new Algiers Levee District, and that the new district would be governed by the Southeast Louisiana Flood Protection Authority - West.

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2009

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 present information only as to the transactions of the SLFPA-E as authorized by Louisiana statutes.

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 Authority and its districts are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration - Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

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

Expense Recognition

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

B. BUDGETARY PRACTICES

The Districts prepare their budgets in accordance with R.S. 38:318. The budget for each fiscal year is adopted in the spring and amended when changed expectations require that the Authority be advised of the need to change from the original budget(s). Amendments that change total revenues or expenses only occur with the Authority's formal approval. All appropriations lapse at year-end. Budgets are prepared on a cash basis.

The original budget for OLD, LBBLD, and EJLD were adopted on March 20, 2008. The amended general fund budgets for OLD and EJLD were adopted on May 19, 2009. The amended budget for LBBLD was adopted on May 21, 2009. The amended capital budget for OLD was adopted on July 16, 2009. The budgeted amounts are included, respectively, as the original and final budgets in the accompanying statements.

Budget Amendments

The Authority made several supplemental budgetary appropriations during the year. The most significant of the changes made are described below.

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2009

B. BUDGETARY PRACTICES (CONTINUED)

Revenues

The Lake Borgne Basin Levee District's original budget called for a total of \$3,659,000 while the amended budget had revenues of \$5,409,000, with the majority of the variance due to the increase in oil and gas royalties. Actual results yielded an increase of \$733,186 to \$6,142,000, mainly due to the increase in tax and governmental revenues. The Orleans Levee District's original budget called for a total of \$15,013,467. Actual results yielded an increase of \$15,442,564, mainly due to the receipt of unexpected mineral revenues. The East Jefferson Levee District's original budget called for a total of \$6,686,000 while the amended budget had revenues of \$9,603,572 with the majority of the variance due to the increase in tax revenues, intergovernmental revenues, and insurance proceeds. Actual results yielded an increase of \$589,310 to \$10,192,882.

Expenditures

The Lake Borgne Basin Levee District's original budget called for a total of \$4,510,400 while the amended budget had expenditures of \$5,410,400, with the majority of the variance due to materials and supplies. Actual results yielded results comparable to the original budget. The East Jefferson Levee District's original budget called for a total of \$5,354,553 while the amended budget had expenditures of \$6,333,380, with the majority of the variance due to hurricane expenses. Actual results yielded amounts comparable to the original budget, with the majority of the variance due to professional services. The Orleans Levee District's original budget called for a total of \$13,222,362 while actual results yielded \$11,046,727, with the majority of the variance due to personnel services and contractual services. Combined variances in the final budget amounts and actual results are shown in the combined statement of revenues, expenditures, and changes in fund balance – budget and actual, located on page 15 of the report.

The budget of the General Fund of the Orleans Levee District was not amended in fiscal 2009. \$12 million in grant funds were received by the Authority in a pass-through transaction to pay for improvements to the levee protection of the Michoud Assembly facility in eastern New Orleans. The transaction was not budgeted and affects the year-to-year variance and actual-to-budget comparisons of operating costs. This income and expense has been omitted in discussions of variances.

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Cash includes petty cash and demand deposits. Cash equivalents may include amounts in time deposits, money market mutual funds, commercial paper, and United States Treasury bills. Under state law, the Districts may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the District may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Aggregate cash and cash equivalents by entity were as follows:

Authority	\$ 286,061
East Jefferson Levee District	15,458,280
Lake Borgne Basin Levee District	6,596,770
Orleans Levee District	<u>89,677,348</u>
Total	<u>\$112,018,459</u>

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2009

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)

Amounts deposited in banks

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Money Market</u>	<u>Total</u>
Balance per agency books	\$ 22,415,914	\$ 5,368,710	\$ 2,299,041	\$ 30,083,665
Deposits in bank accounts per bank	\$ 23,337,434	\$ 5,368,710	\$ 2,299,041	\$ 31,005,185
Bank balances of deposits exposed to custodial credit risk:				
a. Deposits not insured and uncollateralized	\$ -	\$ -	\$ -	\$ -
b. Deposits not insured and collateralized with securities held by the pledging institution.	\$ -	\$ -	\$ -	\$ -
c. Deposits not insured and collateralized with securities held by the pledging institution's trust department or agency <u>but not in the entity's name.</u>	\$ 317,958	\$ 5,368,710	\$ 2,299,041	\$ 7,985,709

Note: The total bank balances will not necessarily equal the deposits in bank account per the Statement of Net Assets (Schedule A). Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits are 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 at all times equals the amount on deposit with the fiscal agent. Because the securities are held by the pledging fiscal agent in the District's name, the District does not have any custodial credit risk.

2. INVESTMENTS

Orleans Levee District

At June 30, 2009, the Orleans District had invested \$89,602,315 with the Louisiana Asset Management Pool ("LAMP") an investment pool composed of assets of local government entities and investing only in securities authorized by LA-RS 33:2955.

In accordance with GASB Codification Section 150.165 the investment in LAMP is not categorized in the three risk categories provided by the GASB Codification Section 150.164 because the investment is in the pool of funds and thereby not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc; a non-profit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and statewide professional organizations. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments.

The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair market value of investments is determined on weekly basis to monitor any variances between amortized

**STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2009**

2. INVESTMENTS (CONTINUED)

cost and market value. For purpose of determining participants' shares, investments are valued at amortized cost. GASB Statement No. 31 requires that investments that fall within the definitions of said statement be recorded at fair value. However, Statement No. 31 also states that investments in an external investment pool can be reported at amortized cost if the external investment pool operates in a manner consistent with the Security Exchange Commission's (SEC's) Rule 2a7. LAMP is an external investment pool that operates in a manner consistent with SEC Rule 2a7.

East Jefferson Levee District

The East Jefferson Levee District does maintain investment accounts as authorized by LRS 33-2955. Investments can be exposed to custodial credit risk if the securities underlying the investment uninsured, not registered in the name of the entity, and are either held by the counter party or counter party's trust department or agent but not in the entity's name. Using the following table, list each type of investment disclosing the total carrying amount exposed to custodial credit risk.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by the 3 categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. The investments reported below are exposed to custodial credit risk and are categorized as uninsured and collateralized with securities held by the pledging institution's trust department but not in the Board's names. In addition, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial risk.

As of June 30, 2009 the East Jefferson Levee District had \$7,667,750 in certificates of deposit.

D. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure, such as bridges, seawalls, roads, and levees, are reported in the financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The SLFPA-E, and its' affiliated districts, range between \$1,000 and \$5,000 for the capitalization of assets.

No salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

Description	Years
Land improvements	20
Buildings and building improvements	40
Furniture and fixtures	7-10
Vehicles	7
Equipment	3-20
Infrastructure	40

In accordance with accounting principles generally accepted in the United States of America and the Governmental Accounting Standards Board Statement No. 34, governments are required to identify infrastructure assets, including flood control systems. The SLFPA-E has recorded their costs of construction for those projects identified in its bond documents and will continue to recognize its portion of the cost of infrastructure.

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2009

D. CAPITAL ASSETS (CONTINUED)

Bridges/roadways	\$ 73,221,793
Parks/recreation	2,575,125
Buildings	1,823,094
Subtotal - other infrastructure assets	<u>77,620,012</u>
Flood protection systems	<u>87,320,818</u>
Total - infrastructure assets	<u><u>\$ 164,940,830</u></u>

Accumulated depreciation on infrastructure assets amounted to \$54,045,568 at year end

Changes in capital assets For Fiscal 2009 are shown on the following page.

	<u>June 30 2008</u>	<u>additions</u>	<u>deletions</u>	<u>June 30 2009</u>
Capital assets, not being depreciated:				
Land	\$ 36,079,467	\$ 23,700	\$ -	\$ 36,103,167
Construction in progress	17,525,883	17,986,711	(11,443,339)	24,069,255
Total capital assets, not being depreciated	<u>53,605,350</u>	<u>18,010,411</u>	<u>(11,443,339)</u>	<u>60,172,422</u>
Capital assets, being depreciated:				
Buildings	17,041,532	5,093,922	-	22,135,454
Improvements	93,468,908	1,730,787	-	95,199,695
Equipment	14,772,977	1,356,240	(1,055,754)	15,073,463
Infrastructure	161,382,922	3,557,908	-	164,940,830
Total capital assets, being depreciated	<u>286,666,339</u>	<u>11,738,857</u>	<u>(1,055,754)</u>	<u>297,349,442</u>
Less accumulated depreciation for:				
Buildings	10,436,437	513,855	-	10,950,292
Improvements	65,595,768	1,954,476	-	67,550,244
Equipment	11,294,430	908,136	(1,026,749)	11,175,817
Infrastructure	49,696,170	4,349,398	-	54,045,568
Total accumulated depreciation	<u>137,022,805</u>	<u>7,725,865</u>	<u>(1,026,749)</u>	<u>143,721,921</u>
Total capital assets, being depreciated, net	149,643,534	4,012,992	(29,005)	153,627,521
Total entity	<u>\$ 203,248,884</u>	<u>\$ 22,023,403</u>	<u>\$ (11,472,344)</u>	<u>\$ 213,799,943</u>

Construction work in progress at year-end was \$24.1 million, compared with \$ 17.5 million a year ago, primarily related to roadways and enterprise fund / commercial assets. Flood protection systems are being built at federal expense.

E. INVENTORIES

Two of the districts maintain a perpetual inventory system for general government materials and supplies. The general government inventory is recorded as an expense at the time the individual items are withdrawn from stock. The general government inventory is valued at average cost. The year-end balance consists of flood protection items that could be needed at any time.

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2009

F. RESTRICTED ASSETS

Restricted assets at June 30, 2009, shown on Statement A, amounted to \$5,630,280. Restricted assets consist of \$5,209,427 of cash with fiscal agents, and \$420,853 in cash set aside for legal settlement payments.

G. COMPENSATED ABSENCES

Employees earn and accumulate annual and sick leave at various rates, depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits. In addition, it is the District's policy to pay any accumulated compensatory leave at the employee's hourly rate of pay at the time of termination.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as an expense when leave is earned. The financial statements present the cost of accumulated annual and compensatory leave as a liability. There is no liability for unpaid accumulated sick leave since the Districts do not have a policy to pay this amount when employees separate from service. The combined value of accrued annual leave and compensatory leave at the end of fiscal 2009 was \$1,177,998.

H. RETIREMENT SYSTEM

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

All full-time District employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to 300 hours plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service. Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, if they were hired prior to July 1, 2006 and 8% after July 1, 2006. The contribution rate for the fiscal years ending June 30, 2009 was 18.5%. The contribution rates for fiscal years ending June 30, 2008 and 2007 were 20.4% and 19.1% respectively. The aggregate contribution to the System for the years ending June 30, 2009, 2008, and 2007 were \$1,861,449, \$1,511,743, and \$1,421,506, respectively, equal to the required contributions for each year.

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2009

I. POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Orleans Levee District

Substantially, all District employees become eligible for postemployment health care, dental, and life insurance benefits if they reach normal retirement age while working for the District. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the District. Benefits paid in 2009 for the 102 retirees totaled \$435,135.

Post-employment Healthcare Plan

Plan Description. The District's defined benefit healthcare plan, currently provided by United Health care, provides medical benefits to active and eligible retired District employees and their beneficiaries. The Southeast Louisiana Flood Protection Authority (SLFPAE) board may amend the plan as it sees fit, and can likewise define the cost to employees and retirees.

Funding Policy: Members receiving benefits contribute \$227 per month for retiree-only coverage, \$474 per month for retiree and spouse, \$434 for retiree and child, \$722 for retiree and family, or \$227 for surviving spouse.

The District's annual required contribution (the "ARC"), is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The current ARC rate is 19.4 percent of annual covered payroll. The District's governing body will in the upcoming year review the costs and benefits program and determine a funding plan. The ARC has not been funded for fiscal 2009. Because the District did not fund its ARC in 2009, the assumed investment rate of return used in the valuation is 4%.

Annual OPEB Cost. For 2009, the District's annual OPEB cost (expense) of \$1,684,886 for healthcare costs was equal to the ARC. The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the two preceding years were as follows:

Normal cost	\$ 527,355
30-year UAL amortization amount	1,157,531
Interest on the above	-
Annual required contribution (ARC)	<u>\$ 1,684,886</u>

The following table presents the Levee District's OPEB Obligation for the fiscal year 2009:

Beginning net OPEB obligation, July 1, 2008	\$ 1,231,818
Annual required contribution	1,231,818
Interest on net OPEB obligation	-
OPEB Cost	<u>\$ 2,463,636</u>
Contributions made (retiree cost)	<u>(435,135)</u>
Change in net OPEB obligation	<u>2,028,501</u>
Ending net OPEB obligation, June 30, 2009	<u>\$ 2,028,501</u>

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2009

I. POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

Funded Status and Funding Progress. The funded status of the plan, as of June 30, 2009, was as follows:

Healthcare

Actuarial accrued liability (AAL)	\$ 18,526,556
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 18,526,556
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 6,132,840
UAAL as a percentage of covered payroll	302%

Life Insurance

Actuarial accrued liability (AAL)	\$ 1,840,314
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 1,840,314
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 6,132,840
UAAL as a percentage of covered payroll	30%

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, presents 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.

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

In the December 31, 2008, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included 4% percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 5 percent after ten years. Both rates include a 4.5 percent inflation assumption. The actuarial value of XPHP assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The District's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2008, was thirty years.

**STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2009**

I. POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

Schedule of Funding Progress for OPEB Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
07/01/2008	\$ 0	\$ 20,366,870	\$ 20,366,870	0%	\$ 6,132,840	332%
07/01/2007	\$ 0	\$ 20,016,153	\$ 20,016,153	0%	\$ 5,894,670	339%

Post-employment Life Insurance Benefits

Retirees have the option to keep Optional Life/Supplemental Insurance. Supplemental Life-Retiree amount of coverage is based on either 150% (Option 1) or 250% (Option 2) of the retiree's annual salary (prior to retirement), to a maximum coverage of \$70,000. Premium is based on the amount of coverage and the retiree's age. OLD pays 50% of the premium. Retiree must have a monthly salary of \$1,000 or more to choose OPT. 1 or 2. Approval is determined by the insurance carrier (Guardian Life Insurance). This benefit must be selected for continuation at the time of retirement. Retiree cannot choose this option after retirement.

Under the provisions of OLD Group Life Insurance program with Guardian Life Insurance Company, premium rates are adjusted every five years to reflect an increase in cost as retirees move from one age group to another. Because of the increase in the older age groups, Guardian views the retirees as a higher risk. To compensate for the risk factor, premiums are increased to cover the anticipated additional cost.

Life Insurance coverage is reduced by 50% at the age of 70.

Retirees cannot maintain spouse or dependent life insurance. Retirees cannot maintain Basic Life coverage of \$5,000 or accidental death and dismemberment (AD&D) insurance.

Lake Borgne Basin Levee District

Post-employment Health Care and Life Insurance Benefits

Plan Description: Lake Borgne Basin Levee District employees may participate in the State's Other Post-employment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan (for FY 2008) 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.dca.la.gov/osrap.

Funding Policy: The contribution requirements of plan members and the Levee District 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 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

**STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2009**

I. POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

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 and one private fee-for-service (PFFS) plan. Depending upon the plan selected, during fiscal year 2009, 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 2009 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 Levee 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 2009. Also, the Levee District's contributions range from \$207 to \$427 per month for retiree and spouse with Medicare of \$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.

Effective with the Fiscal Year beginning July 1, 2007, the District prospectively implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions* (GASB 45).

Annual OPEB Cost: The Levee 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, 2008 is \$713,338 as set forth below.

Normal cost	\$ 405,500
30-year UAL amortization amount	306,100
Interest on the above	-
Annual required contribution (ARC)	<u>\$ 711,600</u>

The following table presents the Levee District's OPEB Obligation for the fiscal year 2009:

Beginning net OPEB obligation, July 1, 2008	\$ 713,338
Annual required contribution	711,600
Interest on net OPEB obligation	-
OPEB Cost	<u>\$ 1,424,938</u>
Contributions made (retiree cost)	<u>(58,669)</u>
Change in net OPEB obligation	<u>1,366,269</u>
Ending net OPEB obligation, June 30, 2009	<u>\$ 1,336,269</u>

**STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2009**

I. POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

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 year (amounts in thousands). Since this fiscal year is the first fiscal year for which GASB 45 is applicable for the Levee District, no information for prior years is presented.

Funding Status and Funding Progress: As of June 30, 2008, the Levee District did not have an OPEB trust. A trust was established with an effective date of July 1, 2008, but was not funded at all, has no assets, and hence has funded ratio of zero. Since the plan was not funded, the entire actuarial accrued liability of \$7,609,900 was unfunded.

The funded status of the plan as of July 1, 2008, was as follows:

Actuarial accrued liability (AAL)	\$ 7,292,600
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 7,292,600
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employee covered by the plan)	\$ 914,600
UAAL as a percentage of covered payroll	797%

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 for into the future. Examples include assumptions about future employment, mortality, and 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, presents 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 method 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 State'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, 2009 was twenty nine years.

Schedule of Funding Progress for OPEB Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
06/30/2009	\$ 0	\$7,292,600	\$7,292,600	0%	\$ 914,600	797%
06/30/2008	0	7,609,900	7,609,900	0	1,125,170	676

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2009

I. POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

East Jefferson Levee District

Substantially all of the District's employees are eligible for post-employment health care and life insurance. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the District. Benefits paid in 2009 for the 16 retirees totaled \$32,956.

Post-employment Health Care and Life Insurance Benefits

Plan Description: The District's defined benefit healthcare plan, currently provided by Humana, provides medical benefits to active and eligible retired District employees and their beneficiaries. The Southeast Louisiana Flood Protection Authority – East (SELFPA-E) board may amend the plan as it sees fit, and can likewise define the cost to employees and retirees.

Funding Policy: Members receiving benefits contribute \$246 per month for retiree-only coverage, \$542 per month for retiree and spouse, \$517 for retiree and child, or \$739 for retiree and family coverage.

The District's annual required contribution, the employer ("ARC"), is an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The District's governing body will in the upcoming year review the costs and benefits program and determine a funding plan. The ARC has not been funded for fiscal 2009. Because the District did not fund its ARC in 2009, the assumed investment rate of return used in the valuation is 4%.

Annual OPEB Cost: The Levee 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 \$241,864, as set forth below.

Normal cost	\$ 125,599
30-year UAL amortization amount	116,265
Interest on the above	-
Annual required contribution (ARC)	<u>\$ 241,864</u>

The following table presents the Levee District's OPEB Obligation for the fiscal year 2009:

Beginning net OPEB obligation, July 1, 2008	\$ 211,136
Annual required contribution	241,864
Interest on net OPEB obligation	-
OPEB Cost	\$ 453,000
Contributions made (retiree cost)	<u>(32,956)</u>
Ending net OPEB obligation, June 30, 2009	<u>\$ 420,004</u>

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2009

I. POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

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

Funded Status and Funding Progress. The funded status of the plan, as of June 30, 2009, was as follows:

Actuarial accrued liability (AAL)	\$ 4,021,166
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 4,021,166
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 2,195,719
UAAL as a percentage of covered payroll	183%

Schedule of Funding Progress for OPEB Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
06/30/2009	\$0	\$ 4,021,166	\$ 4,021,166	0%
06/30/2008	\$0	2,010,583	2,010,583	0%

Post-employment Life Insurance Benefits

Members become eligible for life insurance benefits upon retirement where the retiree has met 10 years of service and 62 years of age, or 25 years of service at any age. Members are responsible for ½ of insurance premium equal to the premium at time of retirement. Under the provisions of East Jefferson Group Life Insurance program with American United Life, premium rates are adjusted every five years to reflect an increase in cost as retirees move from one age group to another. Because of the increase in the older age groups, Humana views the retirees as a higher risk. To compensate for the risk factor, premiums are increased to cover the anticipated additional cost.

Under the provisions of East Jefferson Group Life Insurance program with Humana Life Insurance Company ("Humana"), premium rates are adjusted every five years to reflect an increase in cost as retirees move from one age group to another. Because of the increase in the older age groups, Humana views the retirees as a higher risk. To compensate for the risk factor, premiums are increased to cover the anticipated additional cost.

Life Insurance coverage is reduced by 35% at the age of 70.

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 for into the future. Examples include assumptions about future employment, mortality, and 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, presents multiyear trend information that shows whether the

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2009

I. POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

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 method 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.

J. LEASES – N/A

1. OPERATING LEASES

The total payments for operating leases during fiscal year 2009 were less than \$30,000. A schedule of payments for operating leases follows:

<u>Nature of lease</u>	<u>FY 2009</u>
Copier machines	\$10,428
Telecomm & copiers, Non Flood	14,822
Total	<u>\$25,250</u>

2. CAPITAL LEASES-N/A

3. LESSOR DIRECT FINANCING LEASES-N/A

4. LESSOR OPERATING LEASES

The Orleans Levee District leases boat slips, boathouses, and building space to certain parties under operating leases. At June 30, 2009, the total cost of the land, buildings and improvements leased to others is \$113 million with \$62.5 million net of related *accumulated depreciation*. Future minimum rental payments to be received under these operating leases are as follows:

Fiscal year ending June 30:	
2010	\$ 3,307,529
2011	3,307,529
2012	2,292,450
2013	2,292,450
2014	2,295,447
2015-2019	11,480,698
2020-2024	11,362,231
2025-2029	11,362,231
Remainder of term	10,575,641
Total	<u>\$ 58,276,206</u>

Current year rents amount to \$3.2 million. The amount derived from contingent rent increases was negligible. The amounts reported represent rents due on non-cancelable leases currently in effect.

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2009

K. LONG-TERM OBLIGATIONS

The following page presents a summary of the long-term obligations and transactions for the year ended June 30, 2009:

	June 30, 2008	Additions	Retirement	June 30, 2009	One Year
Governmental activities:					
Levee Improvement:					
Fixed Rate Refunding Bonds, Series 1986	\$ 30,105,000	\$ -	\$ (3,415,000)	\$ 26,690,000	\$ 3,685,000
Variable Rate Refunding Bonds, Series 1996	3,375,000	-	(395,000)	2,980,000	425,000
Total Levee Improvement Bonds Payable	33,480,000	-	(3,810,000)	29,670,000	4,110,000
Public Improvement:					
Fixed Rate Refunding Bonds, Series 1986	19,550,000	-	(1,905,000)	17,645,000	2,040,000
Variable Rate Refunding Bonds, Series 1996	1,500,000	-	(150,000)	1,350,000	160,000
Total Public Improvement Bonds Payable	21,050,000	-	(2,055,000)	18,995,000	2,200,000
Less:					
Unamortized issue costs	(215,733)	-	45,269	(170,464)	-
Unamortized discounts	(145,690)	-	20,813	(124,877)	-
Unamortized loss on refunding	(21,112)	-	4,950	(16,162)	-
Net Public Improvement Bonds Payable	20,667,465	-	(1,983,968)	18,683,497	2,200,000
Long Term Borrowing From State of Louisiana	17,347,563	8,778,108	-	26,125,671	-
Community Disaster Loans	10,063,789	286,154	-	10,349,943	-
Total Bonds and Notes Payable	81,558,817	9,064,262	(5,793,968)	84,829,111	6,310,000
Compensated absences	844,553	-	(74,999)	769,554	65,747
Judgments	25,875,480	315,681	(100,000)	26,091,161	-
Post-employment benefit liability	1,046,154	1,046,154	(435,135)	1,657,173	-
Governmental activity long-term liabilities	109,325,004	10,426,097	(6,404,102)	113,346,999	6,375,747
Business Type Activities					
Compensated absences	126,126	-	(23,689)	102,437	33,804
Post-employment benefit liability	185,664	185,664	-	371,328	-
Total Long Term Obligations	\$ 109,636,794	\$ 10,611,761	\$ (6,427,791)	\$ 113,820,764	\$ 6,409,551

A detailed summary of bonded debt, by issue, of all debt outstanding at June 30, 2009, including outstanding interest of \$12,593,759, is shown on schedule 3-C. Schedule 4-D is an amortization schedule of the outstanding debt. Under terms of financing under the Go Zone Act, the State of Louisiana has paid the debt service associated with the District's debt through May 2009. The amounts shown above as due within one year will not, therefore require cash outlays by the District.

**STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2009**

K. LONG-TERM OBLIGATIONS (CONTINUED)

Community Disaster Loans

The CDL Act of 2006, authorized up to \$1 billion in direct loans to local governments and organizations providing government services that were adversely affected by a disaster affecting its ability to provide essential municipal services. During the period July through September, 2006, the Orleans Levee District executed a series of promissory notes under the CDL Program with the Federal Emergency Management Agency, to obtain funds necessary to replace working capital used in the aftermath of Hurricane Katrina. The loans had to be used solely for operating expenses and could not be used for construction or debt service. Monies borrowed under these agreements were used to replace funds that paid salaries and benefits for District personnel over the 11-month period following the storm.

Amounts of the notes and respective interest rates are:

	<u>Date</u>	<u>Amount</u>	<u>Rate</u>
1. 1603LA57	06/21/2011	\$ 3,346,000	3.12%
2. 1603LA57A	08/27/2011	671,734	2.93%
3. 1603LA74A	09/10/2011	230,752	2.87%
4. 1603LA74B	08/27/2011	<u>5,312,334</u>	2.93%
Total		<u>\$ 9,560,820</u>	

No repayment is required for 5 years from the date of issuance, but interest accrues from the disbursement date. Interest accrued during the fiscal year ending June 30, 2009 amounted to \$286,154, and the total amount outstanding, including interest at June 30, 2009 was \$10,349,943.

As collateral for these notes the District has provided a subordinated pledge of its revenues from its various real estate and mineral holdings located in Orleans and Plaquemines parishes, Louisiana. The pledge is on net revenue after payment of all operating expenses and debt service, and is further subordinated to any future debt instruments secured on a first lien basis.

Loans from the State of Louisiana

On July 19, 1996 The Orleans Levee District entered into a cooperative endeavor agreement with the State of Louisiana constituting a loan agreement between the two parties wherein the State agreed to lend to the District \$26,125,671 for the sole purpose of paying the debt service on the then outstanding 1986 and 1996 Series, Special Levee and Public Improvement bonds described in the paragraphs above. The agreement provides assurance that financial disruptions brought on by Hurricanes Katrina and Rita would not cause a failure in the ability of the District to meet its obligations to bondholders.

The terms of the loan include a maturity date 20 years from the delivery of the bonds that the State may issue to fund the assistance. In the first 5-years, neither principal nor interest are payable. Thereafter the loan will bear interest at a fixed rate of 4.64% and shall be repaid in level installments over the remaining 15 years of the agreement's term. The District has the right to request one additional extension of its obligation to begin payments, not to exceed 5 years. Such an extension can be made at the sole judgment of the Office of Community Development approved in writing by the Commissioner of Administration. The funds are to be used solely for payment of debt service on the identified bonds. The loan is payable from available revenue and subordinated to the existing obligations of the borrower.

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2009

K. LONG-TERM OBLIGATIONS (CONTINUED)

At 4.64% interest, assuming all funds are borrowed, the annual installment due for debt service beginning in 2012 is \$2,456,132 through 2026. The amount outstanding as of June 30, 2009 is \$26,125,671.

L. COMMITMENTS AND CONTINGENCIES

Orleans Levee District

Numerous lawsuits have been filed by individuals and acts have been passed by the Louisiana Legislature concerning the return of certain expropriated properties in the Bohemia Spillway and the payment of royalties and rents derived from these properties to the original owners of the properties.

Act 233 of 1984, as amended by Acts 819 of 1985, 847 of 1992, 1364 of 1997, 1378 of 1999, and 130 of 2005, requires the Board of Commissioners of the Orleans Levee District upon receipt of the names of certified claimants from the Secretary of the Louisiana Department of Natural Resources (DNR) to return the ownership of properties in the Bohemia Spillway in the parish of Plaquemines to the owners or their successors from whom the property was acquired by expropriation or by purchase under threat of expropriation.

Before the effective date of Act 1364 of 1997 and 1378 of 1999, DNR certified claimants who had an interest in 164 of 220 tracts of land in the Bohemia Spillway for the return of the property. All property claims certified by DNR as of October 1, 2002 have been returned. All claims certified as of June 30, 2005, have been conveyed. Upon the return of the property, the District is required to return the royalties, et cetera, collected since June 29, 1984, until the date of transfer.

Judgment was rendered in *Haspel & Davis v. Board of Commissioners of the Orleans Levee District*, Case No. 31-357, in favor of the plaintiffs awarding the sum of \$18,767,145, plus interest from the date of judicial demand until paid, for the sum of revenues paid to the District of its share of royalties under mineral leases in the Bohemia Spillway. A number of payments have been made since 2001 as reflected in previous years. On February 26, 2004, a payment in the full sum of \$600,000 was paid into the registry of the Court in the *Haspel & Davis* class action. The Court accepted the payment as being current on the settlement agreement amortization plan. The class members in *Haspel & Davis* have agreed to accept \$10,076,559 to settle the case. Additional payments of \$350,000 and \$100,000 were made on January 4, 2005 and \$100,000 on March 20, 2008.

During fiscal 2007, plaintiffs in the class brought action in federal court alleging a violation of their civil rights by the District's failure to return revenues attributable to their properties. On October 10, 2006 the circuit court rendered a judgment in favor of plaintiffs in the amount of \$17,442,323, plus interest and attorneys fees. On July 23, 2007 the Fifth Circuit Court of Appeals issued a unanimous opinion overturning the actions of the District court and the seizure actions. On August 3, 2007, plaintiffs filed a petition for panel rehearing. To this date, the Fifth Circuit Court of Appeals has taken no action on that request.

The plaintiffs returned to State Court in Plaquemine Parish, seeking to hold the Authority, its commissioners, the District and the Division of Administration, State of Louisiana in contempt for not fully satisfying the consent judgment. On December 16, 2008, the district judge denied the plaintiffs' motion. No appeal was sought and no further activity has occurred since.

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2009

L. COMMITMENTS AND CONTINGENCIES (CONTINUED)

A number of additional suits seeking return of lands and related revenue are being adjudicated relating alleged rights to the property under the Act. The District is working to determine if the certifications by the Louisiana Department of Natural Resources ("DNR") are in order and determine the amount of these claims.

Additional activities have been undertaken and suits filed by those who seek to claim mineral producing properties which the District owns. This District maintains these properties were never subject to the Return of Lands Act. Further proceedings have been initiating claiming errors in the certification process by DNR. It will not be feasible to quantify the potential impact of such litigation because of the uncertainty of the success of such claims and the fact that no research on the production of this land has been performed. The District is vigorously defending these assets.

Judgments in the Bohemia Spillway matter will be paid if and when funds become available, and when funds are appropriated therefore.

At June 30, 2008, the District is a defendant or co-defendant in a number of lawsuits not including those relating to Katrina.

The District's legal counsel has reviewed all claims and lawsuits to evaluate the likelihood of an unfavorable outcome to the District and has attempted to arrive at an estimate of the amount of potential loss. For the lawsuits involving claims or damages not related to the Bohemia Spillway, the District's legal counsel does not anticipate that potential losses resulting from these lawsuits will have a significant adverse effect on the financial position of the District.

Numerous class action lawsuits have been filed in connection with Hurricane Katrina, which is being handled under the District's general and excess liability insurer. There is a motion before the court to settle this litigation for the amount of insurance coverage. The motion is under consideration by the judge.

As reflected in Statement A, estimated liabilities relating to judgments and legal contingencies totaled \$26.1 million for the year ended June 30, 2009. The amount recorded for the current fiscal year, for payments of legal claims and changes in estimated liability, was \$180,529 and is included on Statement A.

Lake Borgne Basin Levee District

The Lake Borgne Basin Levee District is a defendant in lawsuits involving personal injury and property expropriated. The District's legal counsel has reviewed all claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the District. The legal counsel is of the opinion that liability from suits is questionable or insurance coverage appears adequate.

On February 4, 2003, grants were received from FEMA and the State of Louisiana in the amount of \$26,910 and \$3,450 to cover the costs to mitigate chronic corrosion problems resulting from dissimilate metal. After subsequent engineering studies, it was the opinion of independent engineers that the planned actions would not remedy the problem. Management offered to reimburse the unused portion of the funds received; however grantors stated that management should keep the funds until such time as reimbursement was requested. The amount of reimbursement, if any, will be determined when an audit is made by the grantor(s); therefore the amount of any such reimbursement cannot be estimated at June 30, 2009.

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2009

L. COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Lake Borgne Basin Levee District is a defendant in lawsuits involving property damage, injuries, and fatalities resulting from flood on August 29, 2005 from Hurricane Katrina. District's legal counsel cannot estimate the outcome or range of potential loss at this time. District is vigorously defending the lawsuits. The Lake Borgne Basin Levee District is a defendant in two lawsuit alleging property damage as a result of the District commandeering the plaintiffs' property following Hurricane Katrina. The District's legal counsel cannot predict the outcome of these lawsuits, but estimates the potential loss to be \$2,000,000 in each case in the event of an unfavorable outcome.

East Jefferson Levee District

The East Jefferson Levee District is a defendant in lawsuits involving personal injury and property expropriated. The District's legal counsel has reviewed all claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the District. The legal counsel is of the opinion that liability from suits is questionable or insurance coverage appears adequate.

Construction Commitments

The SLFPA-E has commitments to construction contracts and other projects relating to special levee improvements, major maintenance, pump stations, as well as infrastructure due to damages caused by Hurricane Katrina. Construction commitments related to business-type activities, including the Lake Vista Community Center, Lake Shore Drive, New Orleans Lakefront Airport, South Shore Harbor, and Orleans Marina, in the aggregate, amount to \$2,973,825. Construction commitments related to damages caused by Hurricane Katrina amount to \$11,775,257. All other construction commitments relating to levee improvement, maintenance, pump stations and other repairs and projects amount to \$1,871,316.

M. RELATED PARTY TRANSACTIONS – N/A

N. ACCOUNTING CHANGES – N/A

O. IN-KIND CONTRIBUTIONS

P. OUTSTANDING DEFEASED DEBT – N/A

Q. COOPERATIVE ENDEAVORS – N/A

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

The Districts participate in a number of federally-assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. The District believes that the amount of disallowances, if any, which may arise from future audits, will not be material.

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

T. SHORT-TERM DEBT – N/A

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2009

U. DISAGGREGATION OF RECEIVABLE BALANCES

The following schedule displays the June 30, 2009 balances in receivables by each district's governmental activities:

	SELFPA-E	OLD	EJLD	LBBLD	Total
Ad Valorem Taxes	\$ -	\$ 281,300	\$ -	\$ 26,866	\$ 308,166
Governmental	59,000	6,168,763	-	270,367	6,498,130
Customers and other, net of allowance for doubtful accounts	1,633	887,983	11,633	4,181	905,430
	\$ 60,633	\$ 7,338,046	\$ 11,633	\$ 301,414	\$ 7,711,726

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

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2009, were as follows:

	SELFPA-E	OLD	EJLD	LBBLD	Total
Vendors	\$ 64,657	\$ 1,356,110	\$ 248,401	\$ 299,543	\$ 1,968,711
Contracts Payable	-	3,912,595	-	-	3,912,595
Other Government	-	53,116	2,192,000	-	2,245,116
Total	\$ 64,657	\$ 5,321,821	\$ 2,440,401	\$ 299,543	\$ 8,126,422

All amounts are payable within one year. (See note immediately following).

W. SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 31, 2009, the date the financial statements were available to be issued.

X. SEGMENT INFORMATION

N/A

Y. DUE TO/DUE FROM AND TRANSFERS – ORLEANS LEVEE DISTRICT

- List by fund type the amounts due from other funds detailed by individual fund at fiscal year-end:
 (Types of funds include general fund, statutory dedicated funds, discrete component unit funds, etc).

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2009

Y. DUE TO/DUE FROM AND TRANSFERS – ORLEANS LEVEE DISTRICT (CONTINUED)

General Fund Due Tos and Froms Non Flood Division

Due from Real Estate Admin Fund	\$ 7,230,415
Due from South Shore Harbor	3,753,492
Due from LVCC	1,259
Due to Non Flood Gen'l Improve Fund	(617,110)
Due to Orleans Marina	(786,467)
Due to Lakefront Airport	(2,912,670)

Net Flood Control Due From (to) Real Estate Division	6,668,919
---	-----------

Real Estate (Non-Flood Division)

Administrative fund

Due from General Improvement Fund	4,717,895
Due From Airport	5,291,039
Subtotal Due from	10,008,934

Due to Lake Vista Community Center	(26,575)
Due to South Shore Harbor	(5,571,090)
Due to New Basin Canal	(1,618,416)
Subtotal Due to	(7,216,081)

Lake Vista Community Center Due from Admin	26,575
South Shore Harbor Due from Admin	5,571,090
New Basin Canal Due from Admin	1,618,416
Subtotal Due from	7,216,081

General Improvement Fund Due to Admin	4,717,895
Airport Due to Admin	5,291,039
Subtotal Due from	10,008,934

Net Due to/from, Non-Flood Funds within the divisions	\$ -
--	------

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2009

Y. DUE TO/DUE FROM AND TRANSFERS – ORLEANS LEVEE DISTRICT (CONTINUED)

Real Estate /on Flood Division's due (tos) froms the Flood Control Division

Admin fund due to Flood Division General Fund	\$ (7,230,415)
Airport fund due from Flood Control Fund	2,912,670
Orleans Marina due from Flood Division	786,467
South Shore Harbor Due to Flood Divisions	(3,753,492)
LVCC Due to Flood Division	(1,259)
Gen Improv Fund due from Flood Control	617,110
Net amount due to Flood Control	<u><u>\$ (6,668,919)</u></u>

Although the Real Estate Administrative fund and the General Improvement Fund are shown among the governmental funds because they have public safety, recreation and roadway responsibilities, State Law dictates that they be managed apart from the Flood Divisions. This report follows in most respects the dictates of GASB 34 in separating governmental and business-type activities, but in certain cases such as this, the flood control and real estate functions are shown.

OPERATING TRANSFERS AMONG THE FUNDS OF THE DISTRICT

Debt Service Fund from the		
Special levee Improvement Fund	\$ 5,580,360	\$ -
Debt Service Fund from the		
General Fund	3,197,746	-
Non Flood / Enterprise Funds from Flood Control	1,813,500	-
General Improvement Fund from SLIP Fund	-	-
	<u>10,591,606</u>	<u>-</u>
From Special Levee Improvement Projects Fund		
To the Debt Service Funds	-	5,580,360
From the General Fund to the Debt		
Service Fund	-	3,197,746
To Non Flood Division, Enterprise Funds	-	1,813,500
SLIP Fund To General Improvement Fund	-	-
	<u>-</u>	<u>10,591,606</u>
Total	<u><u>\$ 10,591,606</u></u>	<u><u>\$ 10,591,606</u></u>

OTHER TRANSFERS

Legislation creating the Algiers Levee District provided that taxes collected from the geographic area associated with the new district be received on their behalf by the Orleans Levee District. The law further provided that a pro-rata share of the Orleans Levee District's debt service be deducted from the amount collected, and the remainder be transmitted to the new district. Since the new Algiers Levee District did not come into being until July 13, 2007, but ad valorem

**STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2009**

Y. DUE TO/DUE FROM AND TRANSFERS – ORLEANS LEVEE DISTRICT (CONTINUED)

taxes are collected on a calendar year basis, implementation of the law resulted in the Orleans Levee District making certain payments to the Algiers District beginning in fiscal year 2008.

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Liabilities payable from restricted assets at June 30, 2009, include bonds and interest payable (\$5,209,425), and judgments & contingencies payable (\$420,853).

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

N/A

BB. IMPAIRMENT OF CAPITAL ASSETS

N/A

CC. EMPLOYEE TERMINATION BENEFITS

N/A

DD. PRIOR-YEAR RESTATEMENT OF NET ASSETS

Governmental activities net assets in the government-wide financial statements as of July 1, 2008 have been adjusted to correct estimates in the valuation of infrastructure assets of the Orleans Levee District. The following table represents the changes to the governmental activities net assets:

	As Previously Reported	As Restated	Decrease In Net Assets
Infrastructure, net of accumulated depreciation	<u>\$ 93,904,047</u>	<u>\$ 92,216,013</u>	<u>(\$ 1,688,034)</u>
Total	<u>\$ 93,904,047</u>	<u>\$ 92,216,013</u>	<u>(\$ 1,688,034)</u>

EE. REVENUE USED AS SECURITY FOR REVENUE BONDS – N/A

N/A

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
SCHEDULE OF PER DIEM PAID TO AUTHORITY BOARD MEMBERS
For the Year Ended June 30, 2009

The schedule of per diem payments to the Southeast Louisiana Flood Protection Authority – East Board of Commissioners members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Authority members are paid per diem for each meeting they attend, as authorized by Louisiana Revised Statute 330.1 L.

The amounts paid to Board members during the year are as follows:

Timothy P. Doody	\$ 4,331
Abril B. Sutherland	2,464
Stephen Estopinal	2,985
John M. Barry	2,107
George Losonsky	2,821
David P. Barnes, Jr.	2,821
Stradford A. Goins	3,816
Thomas I. Jackson	3,705
Larry A. McKee	998
Louis E. Wittie	4,141
Ricardo Pineda	<u>2,066</u>
	<u>\$ 32,255</u>

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
SCHEDULE OF STATE FUNDING
For the Year Ended June 30, 2009

Description of Funding	Amount
1. Cooperative Agreement / Loan Agreement relating to Go Zone Bond financing and assistance to subdivisions with debt service. Also reported on Schedule 3-C	\$26,125,671
2.	
3.	
4.	
5.	
6.	
7.	
8.	
Total	\$26,125,671

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
SCHEDULE OF NOTES PAYABLE
June 30, 2009

Issue	Date of Issue	Original Issue	Principal Outstanding 06/30/08	Redeemed (Issued)	Principal Outstanding 06/30/09	Interest Rates	Interest Outstanding 06/30/09
<u>1603LA57</u>	<u>6/21/06</u>	<u>\$3,346,000</u>	<u>\$3,346,000</u>	<u>\$ -</u>	<u>\$3,346,000</u>	<u>3.12%</u>	<u>\$ 287,730</u>
<u>1603LA57A</u>	<u>8/27/06</u>	<u>671,734</u>	<u>671,734</u>	<u>\$ -</u>	<u>671,734</u>	<u>2.93%</u>	<u>54,138</u>
<u>1603LA74A</u>	<u>9/10/06</u>	<u>230,752</u>	<u>230,752</u>	<u>\$ -</u>	<u>230,752</u>	<u>2.87%</u>	<u>18,253</u>
<u>1603LA74B</u>	<u>8/27/06</u>	<u>5,312,334</u>	<u>5,312,334</u>	<u>\$ -</u>	<u>5,312,334</u>	<u>2.93%</u>	<u>429,001</u>
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total		<u>\$ 9,560,820</u>	<u>\$9,560,820</u>	<u>\$ -</u>	<u>\$ 9,560,820</u>		<u>\$ 789,122</u>

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
SCHEDULE OF BONDS PAYABLE
June 30, 2009

Date of Issue	Original Issue	Principal Outstanding 06/30/08	Issued (Redeemed)	Principal Outstanding 06/30/09	Interest Rates	Interest Outstanding 06/30/09
08/29/86	\$ 36,225,000	\$ 19,550,000	\$ (1,905,000)	\$ 17,645,000	5.95%	\$ 3,958,685
10/29/96	2,795,000	1,500,000	(150,000)	1,350,000	2.54%	222,547
08/28/86	64,920,000	30,105,000	(3,415,000)	26,690,000	5.95%	5,098,854
10/29/96	6,775,000	3,375,000	(395,000)	2,980,000	2.54%	400,572
03/28/03	3,550,000	640,000	(640,000)	-	2.75%	-
	\$ 114,265,000	\$ 55,170,000	\$ (6,505,000)	\$ 48,665,000		\$ 9,680,658

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
SCHEDULE OF CAPITAL LEASE AMORTIZATION
For the Year Ended June 30, 2009

<u>Fiscal Year</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2005	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>
2006	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2007	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2008	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2009	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2010-2014	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2015-2019	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2020-2024	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2025-2029	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ <u> NONE</u>	\$ <u> NONE</u>	\$ <u> NONE</u>	\$ <u> NONE</u>

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
SCHEDULE OF NOTES PAYABLE AMORTIZATION
For the Year Ended June 30, 2009

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2009	-	-
2010	-	-
2011	-	-
2012	\$ 1,243,901	\$ 1,212,232
2013	1,301,618	1,154,514
2014-2018	7,472,048	4,808,612
2019-2023	9,374,073	2,906,586
2024-2028	6,734,031	634,360
2029-2032	-	-
Total	\$ 26,125,671	\$ 10,716,304

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
SCHEDULE OF BONDS PAYABLE AMORTIZATION
For The Year Ended June 30, 2009

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2010	\$ 6,310,000	\$ 2,570,168
2011	6,765,000	2,247,993
2012	7,240,000	1,889,648
2013	7,775,000	1,446,000
2014	8,335,000	969,981
2015	8,945,000	459,354
2016	3,295,000	97,508
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
Total	\$ 48,665,000	\$ 9,680,652

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
Comparative Figures

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than \$1 million, explain the reason for the change.

	<u>2009</u>	<u>2008</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 88,922	\$ 64,063	\$ 24,859	39%
Expenses	58,805	41,307	17,498	42%
2) Capital assets	213,800	203,249	10,551	5.5%
Long-term debt	116,413	111,511	4,902	4.4%
Net Assets	\$ 221,823	\$ 192,389	\$ 29,434	15.3%

\$12 million of the \$16.8 million growth in revenue reflects one-time transfer from NASA to the Orleans Levee District, for payment to the US Army Corps of Engineers (USACE) for improving flood protection at the Michoud Assembly Facility in eastern New Orleans. Operating grants increased by \$1 million, while capital grants were \$12 million greater than the prior year. Lake Borgne received a nonrecurring mineral payment of \$1.3 million and East Jefferson's ad valorem taxes increased by more than \$1 million as well. Insurance proceeds were \$5 million over the year prior period. Recurring revenue was stable to falling. The business-type operations received nearly \$8 million in litigation settlements related to the gaming boat lease dispute.

Expenses reflect the \$12 million transfer of the NASA grant funds to USACE.

Capital assets rose 5.5% after depreciation charges as a result of continued rebuilding, \$10 million of which relates to the Real Estate Division of the Orleans Levee district.

Net assets increased as a result of receipt of significant insurance proceeds relating to Katrina damages, \$ 8 million in legal settlement income, and a continued reduced level of capital spending due to the federal government's bearing of all 100 year costs.

**SOUTHEAST LOUISIANA FLOOD
PROTECTION AUTHORITY – EAST**

Single Audit Reports

June 30, 2009

TABLE OF CONTENTS

	<u>Page</u>
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Report on Compliance with Requirements Applicable to each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and the Schedule of Expenditures of Federal Awards	3
Schedule of Expenditures of Federal Awards	5
Notes to Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs	7
Summary of Prior Year Findings and Questioned Costs	9

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009
Phone (504) 837-9116 • Fax (504) 837-0123 • www.rebowe.com

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

**Southeast Louisiana Flood
Protection Authority-East**
New Orleans, Louisiana

We have audited the basic financial statements of the Southeast Louisiana Flood Protection Authority - East (the "Authority"), a component unit of the State of Louisiana, as of and for the year ended June 30, 2009 and have issued our report thereon dated August 31, 2009. 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 Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control 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 Authority's 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 Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

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 Authority's internal control.

Our consideration of the 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 or material weaknesses. We did not

identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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*.

This report is intended solely for the information of the Authority, the Authority's management, and federal awarding agencies and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Rebowe & Company

August 31, 2009

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009
Phone (504) 837-9116 • Fax (504) 837-0123 • www.rebowe.com

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Southeast Louisiana Flood Protection Authority-East
New Orleans, Louisiana

Compliance

We have audited the compliance of the Southeast Louisiana Flood Protection Authority - East (the "Authority") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the

Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of deficiencies, that results in a more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Our consideration of internal control over compliance 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 or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Authority's response to the findings identified in our prior year audit is described in the accompanying schedule of prior audit findings. We did not audit the Authority's response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, and major funds of the Authority, a component unit of the State of Louisiana, as of and for the year ended June 30, 2009, and have issued our report thereon dated August 31, 2009. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is 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.

This report is intended solely for the information of the Authority, the Authority's management, and federal awarding agencies and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Rebowe & Company

August 31, 2009

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2009

Federal Grantor/Program Title	CFDA Number	Grant Number	Federal Expenditures
<u>Federal Aviation Administration:</u>			
Direct Awards:			
Airport Improvement Program:	21.106	3-22-038-019-2007 3-22-038-020-2007 3-22-038-021-2007	\$ 62,313
<u>National Aeronautics and Space Administration</u>			
Pass-through Awards:			
Michoud Assembly Facility South Levee Betterment Program	99.999		12,000,000
<u>U.S. Department of Homeland Security:</u>			
Pass-through Awards:			
Disaster Grants - Public Assistance	97.036	FEMA-1603-DR-LA	14,432,393
Total Federal Expenditures			\$26,494,706

See accompanying Notes to Schedule of Expenditures of Federal Awards.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY -- EAST
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2009

(1) GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of the federal awards of Southeast Louisiana Flood Protection Authority - East (the "Authority"). The Authority's reporting entity is defined in Note 1 to the financial statements for the year ended June 30, 2009. All federal awards received from federal agencies are included on the schedule.

(2) BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Authority's financial statements for the year ended June 30, 2009.

(3) LOANS PAYABLE TO FEDERAL AGENCY

The Authority received a Special Community Disaster Loan (the "Loan") from the federal government in September 2007 in the amount of \$9,560,820. The loan payable at June 30, 2009 was \$9,560,820 with accrued interest of \$789,124. The terms of the Loan call for interest to accrue annually at 2.69% on \$3,346,000 of the Loan, 2.93% on \$5,984,068 of the Loan, and 2.87% on \$230,752 of the Loan, and to be repaid with the principal when the Loan becomes due in 2011.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2009

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Southeast Louisiana Flood Protection Authority - East.
2. No material weakness in internal control relating to the audit of the financial statements are reported in the *Report on Internal Control over Financial Reporting and on Compliance and Other Matters on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Southeast Louisiana Flood Protection Authority - East were reported in the *Report on Compliance with Requirements Applicable to each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and the Schedule of Expenditures of Federal Awards*.
4. No material weakness relating to the audit of the major federal award programs are reported in the *Report on Compliance with Requirements Applicable to each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and the Schedule of Expenditures of Federal Awards*.
5. The auditor's report on compliance for the major federal award programs for the Southeast Louisiana Flood Protection Authority - East expresses an unqualified opinion.
6. There were no findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. A management letter was issued for the year ended June 30, 2009.
8. The programs tested as major programs are:

United States Department of Homeland Security – Public Assistance Grant	97.036
National Aeronautics and Space Administration – Michoud Assembly Facility South Levee Betterment	99.999
Federal Aviation Administration – Airport Improvement Program	21.106
9. The dollar threshold used to distinguish between Type A and Type B programs was \$794,841.
10. The auditee did qualify as a low-risk auditee under Section 530 of OMB Circular A-133.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended June 30, 2009**

B. FINDINGS – FINANCIAL STATEMENT AUDIT

N/A

**C. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARDS
PROGRAMS**

N/A

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2009

INTERNAL CONTROL

08-01 – Interdivisional Communication

The Orleans Levee District, a member of the Authority, experienced problems in communicating adjustments relating to interfund and interdivisional activity. The interdivisional activity includes the Flood Division's services to the Non-Flood Division in the form of stores inventory, vehicle maintenance, personnel, and asset transfer. As a result, the reconciliation of interfund transactions would not properly reconcile.

Recommendation:

We recommend that the Authority incorporate a system of controls which would provide for a more consistent process of communication. We also recommend that the Authority employ a set of procedures related to the transfers between divisions to ensure that they are properly accounted for. This can be done through monthly reconciliations and analysis of accounts at the management level.

Management's Response:

The District has, since January 2009, performed quarterly reconciliations of interdivisional due to and due from balances, inasmuch as the billings between the divisions occur at the end of each quarter. Such analyses are conducted in collaboration with the Real Estate Division and meetings are held to discuss atypical transactions impacting those balances. Monthly reconciliations will be performed at such time as billing practices or other circumstances change to make that appropriate. The Flood Division Comptroller reports on these reconciliations to the Regional Director each quarter. Policies and procedures are also in place to continuously monitor and address any issues that might arise in the automation of such transactions. Therefore, management believes the above described recommendation has been implemented.

08-02 Business Office Procedures

Within the District many responsibilities cannot be properly delegated and can overwhelm the few individuals employed. Many schedules used in the normal course of business are often updated only after the District's year end. This condition applies not only to the need for proper delegation of tasks but also segregation of duties to ensure that proper controls are in place. It was noted that during the year, the Non-Flood Division attempted to resolve the need for additional personnel through direct hiring, short term staffing through employment firms, and requesting position transfers from the Flood Division. However, this action proved to be unsuccessful.

Recommendation:

We recommend that the Authority's divisions collaboratively examine their respective internal organizational structure in order to internally alleviate the need for additional resources even if for a brief period.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended June 30, 2009

Management's Response:

Almost all of the problems associated with this finding during the 2008 Fiscal Year audit can be attributed to the initial separation of the Orleans Levee District into two divisions. Starting July 1, 2008, schedules and balances from Fiscal Year 2008 were able to be updated throughout the fiscal year, thus allowing for timely financial data. The Non-Flood Division supplemented resources on an as needed basis to maintain and address any areas of concern. Management believes that the above described recommendation has been implemented.

**SOUTHEAST LOUISIANA FLOOD
PROTECTION AUTHORITY – EAST**

MEMORANDUM OF ADVISORY COMMENT

For the Year Ending June 30, 2009

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

CONSULTANTS

A PROFESSIONAL CORPORATION

TABLE OF CONTENTS

	Page
AUDITOR'S REPORT	1
OBSERVATION, RECOMMENDATION, AND CORRECTIVE ACTION PLAN	
Physical Inventory of Equipment	2

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009
Phone (504) 837-9116 • Fax (504) 837-0123 • www.rebowe.com

August 31, 2009

Board of Commissioners
Southeast Louisiana Flood Protection Authority - East
New Orleans, Louisiana

We have audited the combined financial statements of the Southeast Louisiana Flood Protection Authority - East (the "Authority") and affiliated districts for the year ended June 30, 2009 and have issued our report thereon dated August 31, 2009. As part of our audit, we considered the affiliates' internal control over financial reporting in order to determine the nature, timing and extent of our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal control and operating efficiency with relation to the Authority. The memorandum that accompanies this letter summarizes our comment and recommendation regarding this matter.

We will review the status of our finding and recommendation during our next audit engagement. We have already discussed our recommendation with management and have included their corrective action plan. We will be pleased to discuss our recommendation with you in further detail at your convenience, perform any additional study of this matter, or assist you in implementing our recommendation.

Sincerely,

Rebowe & Company

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
OBSERVATION, RECOMMENDATION, AND
CORRECTIVE ACTION PLAN
June 30, 2009**

I. Physical Inventory of Equipment

Observation:

We observed that one reporting unit of the Authority did not execute their procedures for tracking and do not have a consistent system of tracking and inventorying moveable assets and reconciling those inventories to the general ledger.

As of June 30, 2009, the equipment of the Authority totaled \$3,897,646, net of accumulated depreciation, which represents 2% of the total fixed assets of the Authority. This is a weakness in the system of internal accounting controls and has the potential for allowing abuse to exist and not be detected. Physical counts of equipment should be performed periodically. The physical asset subsidiary records should be reconciled to the general ledger, with any discrepancies investigated. All assets should include a tag identifying it with a number and location that can be cross-referenced to the detailed equipment records.

It was noted during our audit that the individual districts performed physical counts of equipment. However, in one instance, the count proved incomplete and inconsistent. The Authority should assure compliance by its members with the record-keeping requirements of LSA-RS 24:515 with respect to fixed assets. In addition, Louisiana Administrative Code (LAC) 34:VII.313 states, in part, that efforts must be made to locate all movable property items for which there are no explanations available for their disappearance.

Recommendation:

We recommend that physical inventories of equipment be taken periodically, at least on a sample basis, and related accounting records be timely and appropriately updated. Also, a complete and accurate inventory of equipment will provide for much stronger control to detect any subsidiary equipment removal or disposition without proper authorization. Reconciliation of these records to the general ledger will provide additional safeguards of these assets. In addition, the Authority should consider increasing its \$1,000 threshold for capitalization to a higher level.

Corrective Action Plan:

Management will review the full procedures in place for all organizations to assure they are appropriate, and assure that adequate resources are available to perform the necessary work.