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**SOUTHEAST LOUISIANA FLOOD  
PROTECTION AUTHORITY – EAST**

**FINANCIAL REPORT**

**JUNE 30, 2011**

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 **NOV 09 2011**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying combined 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, 2011, which collectively comprise the Orleans, East Jefferson, and Lake Borgne Basin Levee Districts' basic financial statements as listed in the table of contents. These combined financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these combined financial statements based on our audit.

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

In our opinion, the combined 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof 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 September 7, 2011, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and pages 14 be

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presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the combined financial statements that collectively comprise the Authority's financial statements as a whole. The accompanying supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements. The supplemental schedules have been subjected to the auditing procedures applied by us in the audit of the basic combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

The Annual Fiscal Report to the Office of the Governor, 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 by us in the audit of the basic combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

*Silva, Gurtner & Abney, LLC*

September 8, 2011

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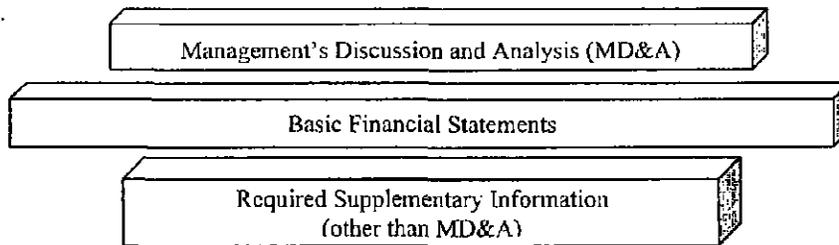
**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2011**

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, 2011. 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.

The Statement of Cash Flow 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(used) by operating activities (indirect method) as required by GASB Statement No. 34.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2011**

**Financial Highlights**

**Net Assets**

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

(In Thousands)	Governmental		Business-Type		SLFPA-E	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 103,747	\$ 92,048	\$ 11,796	\$ 9,423	\$ 115,543	\$ 101,471
Capital assets	137,929	140,088	78,230	79,939	216,159	220,027
<b>Total assets</b>	<u>241,676</u>	<u>232,136</u>	<u>90,026</u>	<u>89,362</u>	<u>331,702</u>	<u>321,498</u>
Other liabilities	6,610	8,759	268	577	6,878	9,336
Long-term debt outstanding	61,220	67,456	1,292	1,155	62,512	68,611
<b>Total liabilities</b>	<u>67,830</u>	<u>76,215</u>	<u>1,560</u>	<u>1,732</u>	<u>69,390</u>	<u>77,947</u>
<b>Net assets</b>						
Invested in capital assets, net of debt	137,929	136,343	78,230	79,939	216,159	216,282
Restricted	1,464	2,882	-	-	1,464	2,882
Unrestricted	34,453	16,813	10,236	7,604	44,689	24,417
<b>Total net assets</b>	<u>\$ 173,846</u>	<u>\$ 156,038</u>	<u>\$ 88,466</u>	<u>\$ 87,543</u>	<u>\$ 262,312</u>	<u>\$ 243,581</u>

- Combined net assets of the Authority exceeded its combined liabilities at the close of fiscal year 2011 by \$262 million, compared with combined net assets a year earlier of \$244 million, an 8.0% and \$19 million increase.
- Of the \$19 million increase in net assets, significant contributors included over \$6.3 million in cancellation of FEMA Community Disaster Loan debt and a surplus for the Special Levee Improvement Fund, reflecting the continued capitalization of construction costs and a lower than usual level of spending due to USACE spending in place of Local Sponsor spending. Additionally, there was a \$1.9 million increase in Ad valorem taxes collected.
- Of this total increase in net assets, \$2.5 million was derived from the governmental operations of the East Jefferson Levee District, the Lake Borgne Levee District, and from the Authority. The business-type operations of the Orleans Levee District contributed \$16.4 million in net asset increases.
- Of the \$18 million change in net assets contributed by the Governmental Funds, \$9 million was generated by the Special Levee Improvement Fund of the Orleans Levee District.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2011**

**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	
	2011	2010	2011	2010	2011	2010
Operating revenues	\$ 519	\$ 1,929	\$ 4,048	\$ 4,063	\$ 4,567	\$ 5,992
Operating expenses	(35,515)	(33,182)	(7,019)	(6,410)	(42,534)	(39,592)
Operating loss	(34,996)	(31,253)	(2,971)	(2,347)	(37,967)	(33,600)
Non-operating revenues(expenses)	46,950	38,815	-	(47)	46,950	38,768
Federal and state grants	5,854	6,894	1,514	8,852	7,368	15,746
Insurance	-	-	2,279	797	2,279	797
Increase in net assets	\$ 17,808	\$ 14,456	\$ 822	\$ 7,255	\$ 18,730	\$ 21,711

- Charges to customers for rents and mineral production increased marginally. Ad valorem tax revenue (excluding collections by the Orleans district on behalf of Algiers), increased by \$1.8 million and 19% on the full accrual basis while mineral revenue declined.
- Federal grants declined \$8 million largely due to completion of repairs to infrastructure and buildings due to damages caused by Hurricane Katrina.
- The increase in non operating revenues (expenses) is largely due to over \$6.3 million in cancellation of FEMA Community Disaster Loan debt.

**Capital Assets**

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

(In Thousands)	Governmental		Business-Type		SLFPA-E	
	2011	2010	2011	2010	2011	2010
Land	\$14,048	\$ 14,048	\$ 22,055	\$ 22,055	\$ 36,103	\$ 36,103
Buildings and improvements	10,494	7,414	46,744	38,690	57,238	46,104
Moveable property	2,918	3,479	83	152	3,001	3,631
Infrastructure	101,955	108,256	167	186	102,122	108,442
Construction in progress	8,513	6,891	9,181	18,857	17,694	25,748
Total	\$ 137,928	\$ 140,088	\$ 78,230	\$ 79,940	\$ 216,158	\$ 220,028

- Net investment in capital assets decreased \$38.7 million in fiscal 2011, the result of a slowing down from rebuilding assets and an increase in accumulated depreciation expense.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2011**

- 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 Authority.

**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	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Bonds	\$ 3,101	\$ 3,745	\$ -	\$ -	\$ 3,101	\$ 3,745
Notes payable FEMA	-	10,636	-	-	-	10,636
Notes payable Louisiana	26,126	26,126	-	-	26,126	26,126
Judgments and legal claims payable	25,614	24,983	-	-	25,614	24,983
Other post employment benefits	6,587	5,191	668	508	7,255	5,699
Compensated absences	820	813	126	119	946	932
<b>Total</b>	<u>\$ 62,248</u>	<u>\$ 71,494</u>	<u>\$ 794</u>	<u>\$ 627</u>	<u>\$ 63,042</u>	<u>\$ 72,121</u>

- At the end of the current fiscal year, long-term obligations amounted to \$63 million, compared with \$72 million in the prior year. Along with bonds and notes payable, these obligations included judgments payable, contingent liabilities, post retirement obligations and reflects the early retirement of \$10.6 million in notes payable to FEMA including over \$6.3 million in cancellation.
- Post retirement obligations represent a current recognition of future benefit obligations that the Authority is responsible for.

**Variations between Budgeted and Actual Results**

**Revenues**

The Lake Borgne Basin Levee District’s original budget called for a total of \$3,587,000 with no amendments to change the original budget. Actual results yielded an increase of \$588,062 to \$4,175,062, mainly due to the increase in governmental revenues. The Orleans Levee District’s original budget called for a total \$29,659,027. The amended budget provided for \$29,032,725. Actual results yielded an increase to \$29,101,936, mainly due to the receipt of additional oil and gas revenues, ad valorem taxes, and intergovernmental revenues while there was a decrease in mineral revenue. The East Jefferson Levee District’s original budget called for a total of \$8,673,000 while the amended budget had revenues of \$9,109,500 with the majority of the variance due to the increase in tax revenues, intergovernmental revenues, and insurance proceeds. Actual results yielded an increase of \$1,478,851 to \$10,588,351.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2011**

**Expenditures**

The Lake Borgne Basin Levee District's original budget called for a total of \$5,729,900 with no amendments to change the original budget. The actual results yielded amounts comparable to the original budget, with a change of \$366,506. The East Jefferson Levee District's original budget called for a total of \$11,818,462 while the amended budget had expenditures of \$8,652,459, with the majority of the variance due to major maintenance and other charges. Actual results yielded amounts comparable to the original budget, with the majority of the variance due to personnel expenses. The Authority's original budget called for a total of \$ 678,900 while the amended budget had expenditures of \$1,175,849, with the majority of the variance in an increase in the contractor services. The Orleans Levee District's original budget called for a total of \$25,212,694 while the amended budget was decreased to \$24,597,503. Actual results yielded \$17,477,969, with the majority of the variance due to a decrease in materials and supplies 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 14 of the report.

The budget of the General Fund of the Orleans Levee District was amended on June 16, 2011.

**Economic Factors and Next Year's Budgets and Rates**

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

- Continued depressed economy
- Increased maintenance of completed USACE projects
- Changes in organization processes
- The additional responsibilities vested in the Authority and the Individual Districts
- 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, 2011**

	Governmental Activities	Business-Type Activities	Totals
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 97,130,689	\$ -	\$ 97,130,689
Investments	7,808,233	-	7,808,233
Receivables	1,586,488	228,916	1,815,404
Due from other funds, net	(8,584,353)	8,584,353	-
Due from other governments	3,643,887	2,624,456	6,268,343
Inventory	466,792	-	466,792
Other assets	696,793	358,041	1,054,834
Restricted assets	998,923	-	998,923
Total current assets	103,747,452	11,795,766	115,543,218
<b>Noncurrent assets</b>			
<b>Capital assets</b>			
Land	14,048,432	22,054,735	36,103,167
Other capital assets, net of depreciation	123,880,042	56,175,438	180,055,480
Total noncurrent assets	137,928,474	78,230,173	216,158,647
Total assets	\$ 241,675,926	\$ 90,025,939	\$ 331,701,865
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	\$ 3,031,997	\$ 79,389	\$ 3,111,386
Contract payables	197,090	108,687	305,777
Deferred revenues - current	49,453	-	49,453
Accrued compensation absences	130,351	41,399	171,750
Due to other agencies	2,292,596	-	2,292,596
Other liabilities	-	38,732	38,732
Payables from restricted assets			
Bonds payable	655,000	-	655,000
Current portion of judgment and legal claims payable	243,250	-	243,250
Accrued bond interest payable	10,244	-	10,244
Total current liabilities:	6,609,981	268,207	6,878,188
<b>Noncurrent liabilities</b>			
Deferred revenues- noncurrent	-	539,390	539,390
Accrued compensation absences	689,371	84,989	774,360
Bonds payable	2,446,455	-	2,446,455
Long term notes payable	26,125,671	-	26,125,671
Judgment and legal claims payable	25,371,124	-	25,371,124
Post employment benefit liability	6,587,247	667,565	7,254,812
Total noncurrent liabilities	61,219,868	1,291,944	62,511,812
Total liabilities	67,829,849	1,560,151	69,390,000
<b>Net Assets</b>			
Invested in capital assets, net of related debt	137,928,474	78,230,173	216,158,647
<b>Restricted for</b>			
Capital outlay	510,109	-	510,109
Debt services	327,500	-	327,500
Other reservations	626,517	-	626,517
Unrestricted	34,453,477	10,235,615	44,689,092
Total net assets	173,846,077	88,465,788	262,311,865

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

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST**  
**STATE OF LOUISIANA**  
**COMBINED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Functions/ Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Asset		
	Expenses	Charges for Service and Contributions	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities	\$ 35,282,174	\$ 518,678	\$ 1,728,830	\$ 1,218,382	\$ (31,816,284)	\$ -	\$ (31,816,284)
Flood and drainage protection	232,999	-	-	-	(232,999)	-	(232,999)
Interest	35,515,173	518,678	1,728,830	1,218,382	(32,049,283)	-	(32,049,283)
Total governmental activities							
Business-type activities	4,045,232	1,514,072	-	1,437,151	-	(1,093,809)	(1,093,809)
Airport	2,685,226	1,687,314	-	76,200	-	(921,712)	(921,712)
Marinas	289,052	846,240	-	120	-	557,308	557,308
Other real estate	7,019,510	4,047,626	-	1,513,671	-	(1,458,213)	(1,458,213)
Total business-type activities							
<b>Total</b>	<b>\$ 42,534,683</b>	<b>\$ 4,566,304</b>	<b>\$ 1,728,830</b>	<b>\$ 2,732,053</b>	<b>\$ (32,049,283)</b>	<b>\$ (1,458,213)</b>	<b>\$ (33,507,496)</b>

General revenues and expenses							
Property taxes	38,425,635						38,425,635
Unrestricted intergovernmental revenues	4,635,827						4,635,827
Unrestricted investment earnings	217,993						217,993
Miscellaneous income	633,725			101,805			735,530
Insurance proceeds	28,487			2,278,866			2,307,353
Amortization of bond issuance cost	(8,716)						(8,716)
Legal claims expense	(641,501)						(641,501)
Other income (expenses)	6,565,879						6,565,879
<b>Total general revenue and litigation payments</b>	<b>49,857,329</b>			<b>2,380,671</b>			<b>52,238,000</b>

Change in net assets after transfers	17,808,046			922,458			18,730,504
Net assets - beginning of year	156,038,031			87,543,330			243,581,361
Net assets - end of year	\$ 173,846,077	\$	\$ 88,465,788	\$	\$	\$	\$ 262,311,865

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

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST  
STATE OF LOUISIANA  
COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2011

	Authority General Fund	CEJD General Fund	EJLD General Fund	LEBILD General Fund	OLD Rent Estate Fund	OLD Debt Service Fund	OLD General Improvement Fund	OLD Slip Fund	LEBILD Capital Project Fund	Total Governmental Funds
<b>Assets</b>										
Cash and cash equivalents	\$ 231,296	\$ 21,971,979	\$ 21,545,147	\$ 5,418,075	\$ 9,289,064	\$ -	\$ -	\$ 38,164,419	\$ 510,109	\$ 97,130,689
Investments, certificates of deposit with original maturities greater than three months	-	-	7,804,052	4,181	-	-	-	-	-	7,808,233
Receivables	-	920,800	1,691	19,463	3,160	-	-	641,374	-	1,586,488
Due from other funds	-	10,956,980	-	-	5,895,082	-	303,227	69,323	-	17,224,612
Due from other governments	391,150	21,479	2,519,878	391,093	209,779	-	110,598	-	-	3,643,887
Inventory	-	254,677	-	212,115	-	-	-	-	-	466,792
Restricted assets	-	671,423	-	-	-	327,500	-	-	-	998,923
Other assets	45,907	289,962	70,627	208,419	81,878	-	-	-	-	696,793
<b>Total assets</b>	668,353	35,087,300	31,941,395	6,253,256	15,479,563	327,500	413,825	38,875,116	510,109	129,556,417
<b>Liabilities</b>										
Payables	291,560	1,110,971	1,299,784	113,971	458,961	-	-	-	-	3,274,247
Contract payables	-	-	-	-	-	-	8,190	188,900	-	197,090
Due to other agencies	-	-	2,192,000	68,987	-	-	31,609	-	-	2,292,596
Deferred revenues - current	-	35,775	1,940,606	-	-	-	13,678	-	-	1,990,059
Due to other funds	-	4,042,701	-	-	18,508,261	-	3,238,003	-	-	25,808,965
<b>Total liabilities</b>	291,560	5,189,447	5,432,390	182,958	18,967,222	-	3,311,480	188,900	-	33,563,937
<b>Fund Balance</b>										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Prepaid items	45,907	289,962	70,627	212,115	81,878	-	-	-	-	710,489
Inventory	-	254,677	-	-	-	-	-	-	-	254,677
Long-term receivables (due from/to)	-	6,914,279	-	-	-	-	-	-	-	6,914,279
Restricted	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	327,500	-	-	-	327,500
Committed	-	-	-	-	-	-	-	-	-	-
Settlement payments	-	671,423	-	-	-	-	-	-	-	671,423
Hurricanes	-	100,000	-	-	-	-	-	-	-	100,000
HVAC	-	35,210	-	-	-	-	-	-	-	35,210
Workers' compensation	-	100,000	-	-	-	-	-	-	-	100,000
Capital assets	-	156,356	-	-	-	-	-	-	-	156,356
Unassigned	330,886	21,375,946	26,438,378	5,858,183	(3,569,537)	-	(2,897,655)	38,686,216	510,109	86,732,526
<b>Total fund balance</b>	376,793	29,897,853	24,509,005	6,070,298	(3,487,659)	327,500	(2,897,655)	38,686,216	510,109	95,992,460
<b>Total liability and fund balance</b>	\$ 668,353	\$ 35,087,300	\$ 31,941,395	\$ 6,253,256	\$ 15,479,563	\$ 327,500	\$ 413,825	\$ 38,875,116	\$ 510,109	\$ 129,556,417

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

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, 2011

Total governmental fund balances (Statement C)	\$ 95,992,460
Amounts reported for governmental activities in the Combined Statement of Net Assets are different because	
Capital uses in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$86,724,703	137,928,474
Other noncurrent assets are not available to pay for current expenditures and therefore are deferred in the funds	1,940,606
Noncurrent liabilities are not due and payable in the current period and therefore are not reported in the funds	
Accrued bond interest payable	(10,244)
Accrued compensation absences	(819,722)
Long-term debt payable	(29,227,126)
Judgments payable	(25,371,124)
Post employment benefits payable	(6,587,247)
Net assets of governmental activities (Statement A)	\$ 173,846,077

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

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST  
STATE OF LOUISIANA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
JUNE 30, 2011

	Authority General Fund	OLD General Fund	EJLD General Fund	LBBLD General Fund	OLD Real Estate Fund	OLD Debt Service Fund	OLD General Improvement Fund	OLD SLP Fund	LBBLD Capital Projects Fund	Total Governmental Funds
<b>Revenues</b>										
Taxes	\$ -	\$ 1,412,082	\$ 8,661,477	\$ 3,143,346	\$ -	\$ -	\$ -	\$ 12,493,730	\$ -	\$ 38,425,635
Intergovernmental	947,882	674,544	1,708,371	986,850	543	-	467,099	857,144	-	5,642,433
Interest earnings	299	38,964	92,873	16,276	13,581	-	-	54,726	1,274	217,993
Royalties, leases, and permits	-	513,727	-	-	4,951	-	-	-	-	518,678
Other	354,198	243,317	125,630	28,590	79,627	-	-	-	-	831,362
<b>Total revenues</b>	<b>1,302,379</b>	<b>15,597,634</b>	<b>10,588,351</b>	<b>4,175,062</b>	<b>98,702</b>	<b>-</b>	<b>467,099</b>	<b>13,405,600</b>	<b>1,274</b>	<b>45,636,101</b>
<b>Expenditures</b>										
Current operating expenses, flood and drain protection	1,317,724	10,549,291	8,205,592	4,091,225	3,040,779	-	120,270	46,448	-	27,371,329
Debt service	-	-	-	-	-	4,510,653	-	-	-	4,510,653
Interest	-	-	-	-	-	619,782	-	-	-	619,782
Capital outlay	5,097	-	354,125	96,003	-	-	52,056	3,841,451	-	4,348,732
<b>Total expenditures</b>	<b>1,322,821</b>	<b>10,549,291</b>	<b>8,559,717</b>	<b>4,187,228</b>	<b>3,040,779</b>	<b>5,130,435</b>	<b>172,326</b>	<b>3,887,899</b>	<b>-</b>	<b>36,850,496</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(20,442)</b>	<b>5,048,343</b>	<b>2,028,634</b>	<b>(12,166)</b>	<b>(2,942,077)</b>	<b>(5,130,435)</b>	<b>294,773</b>	<b>9,517,701</b>	<b>1,274</b>	<b>8,785,605</b>
<b>Other financing sources (used)</b>										
Transfer in	10,499	-	-	-	-	5,145,435	-	-	-	5,155,934
Transfer out	(10,499)	(4,627,301)	-	-	-	-	-	(518,134)	-	(5,155,934)
Litigation payments, net	-	(253,000)	-	-	-	-	-	-	-	(253,000)
<b>Total other financing sources (used)</b>	<b>-</b>	<b>(4,880,301)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,145,435</b>	<b>-</b>	<b>(518,134)</b>	<b>-</b>	<b>(253,000)</b>
<b>Net changes in fund balances</b>	<b>(20,442)</b>	<b>168,042</b>	<b>2,028,634</b>	<b>(12,166)</b>	<b>(2,942,077)</b>	<b>15,000</b>	<b>294,773</b>	<b>8,999,567</b>	<b>1,274</b>	<b>8,532,605</b>
<b>Fund balances - beginning of year</b>	<b>397,235</b>	<b>29,729,811</b>	<b>24,480,371</b>	<b>6,082,464</b>	<b>(545,582)</b>	<b>312,500</b>	<b>(3,192,428)</b>	<b>29,686,649</b>	<b>508,835</b>	<b>87,459,855</b>
<b>Fund balances - end of year</b>	<b>\$ 376,793</b>	<b>\$ 29,897,853</b>	<b>\$ 26,509,005</b>	<b>\$ 6,070,298</b>	<b>\$ (3,487,659)</b>	<b>\$ 327,500</b>	<b>\$ (2,897,655)</b>	<b>\$ 38,686,216</b>	<b>\$ 510,109</b>	<b>\$ 95,992,460</b>

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

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST  
STATE OF LOUISIANA  
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, 2011

Net changes in fund balance - total governmental funds (Statement D)	\$	8,532,605
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		3,585,879
Depreciation expense		(5,745,578)
Financing is reported as income in the governmental funds report, but are recognized as long-term liabilities in the Statement of Net Assets.		
		386,783
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
		8,337,335
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		4,510,653
Amortization of deferred bond cost		(8,716)
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 governmental funds		
Compensated absences		(6,486)
Legal claims and interest		(388,501)
Post employment benefit cost		(1,395,928)
Change in net assets of governmental activities (Statement B)	\$	<u>17,808,046</u>

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

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST  
STATE OF LOUISIANA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts		Variances with Final Budget (Unfavorable)
	Original	Final			
<b>Revenues</b>					
Taxes	\$ 25,049,002	\$ 25,995,199	\$ 25,931,905	\$	(63,294)
Intergovernmental	1,253,000	1,653,000	4,317,647		2,664,647
Charges for service					
Permits	17,000	22,000	22,008		8
Oil and gas royalties	2,000,000	270,000	471,634		201,634
Investment income	381,000	176,000	148,412		(27,588)
Cost sharing allocations from affiliates	124,000	124,000	383,110		259,110
Miscellaneous	235,000	406,900	214,685		(192,215)
Total revenues	29,059,002	28,647,099	31,489,401		2,842,302
<b>Expenditures</b>					
Flood and drainage protection					
Personnel services	15,370,190	13,995,746	13,013,580		982,166
Travel	100,200	99,800	48,967		50,833
Contractual services	1,887,512	2,322,261	1,588,962		733,299
Police services	1,326,889	1,326,889	1,326,902		(13)
Materials and supplies	1,281,901	1,249,226	1,155,632		93,594
Professional services	1,112,441	1,250,141	1,866,940		(616,799)
Other charges	506,700	654,650	966,294		(311,644)
Cost sharing allocations to affiliates	145,000	145,000	241,976		(96,976)
Machinery and equipment	1,261,008	1,242,908	631,333		611,575
Miscellaneous	1,502,500	1,502,500	602,803		899,697
Total expenditures	24,494,341	23,789,121	21,443,389		2,345,732
Excess of revenues over expenditures	4,564,661	4,857,978	10,046,012		5,188,034
<b>Other financing sources (used)</b>					
Sale of capital assets	70,000	210,560	210,178		(382)
Major maintenance	(2,320,000)	(3,524,097)	(3,175,668)		348,429
Debt services	(213,163)	(4,627,301)	(4,627,301)		-
Collection of Algiers' taxes	1,164,000	1,164,000	1,191,376		27,376
Transfer to Algiers	(1,148,010)	(1,148,010)	(1,227,529)		(79,519)
Litigation payments	(343,250)	(343,250)	(253,000)		90,250
Total other financing sources (used)	(2,790,423)	(8,268,098)	(7,881,944)		386,154
<b>Net changes in fund balances</b>	1,774,238	(3,410,120)	2,164,068		5,574,188
<b>Fund balance - beginning of year</b>	60,510,182	60,607,419	60,689,881		82,462
<b>Fund balance - end of year</b>	\$ 62,284,420	\$ 57,197,299	\$ 62,853,949	\$	5,656,650

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

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST  
STATE OF LOUISIANA  
PROPRIETARY FUNDS  
STATEMENT OF NET ASSET  
JUNE 30, 2011

	Orleans Marina	South Shore Harbor Marina	Lakefront Airport	Lake Vista Community Center	New Basin Canal	Total Proprietary Funds
<b>Assets</b>						
<b>Current assets</b>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables (net of allowance for uncollectables)	11,555	1,450	182,599	12,456	20,856	228,916
Due from other governments	140,321	909,290	1,572,013	-	2,832	2,624,456
Due from other funds	2,959,577	6,013,167	2,992,025	95,401	3,090,966	15,151,136
Other assets	47,554	61,442	233,878	14,611	556	358,041
<b>Total current assets</b>	<b>3,159,007</b>	<b>6,985,349</b>	<b>4,980,515</b>	<b>122,468</b>	<b>3,115,210</b>	<b>18,362,549</b>
<b>Noncurrent assets</b>						
Land	301,339	3,358,103	15,449,799	23,023	2,922,471	22,054,735
Other capital assets (net of accumulated depreciation)	1,663,493	20,002,247	33,951,589	391,000	167,109	56,175,438
<b>Total noncurrent assets</b>	<b>1,964,832</b>	<b>23,360,350</b>	<b>49,401,388</b>	<b>414,023</b>	<b>3,089,580</b>	<b>78,230,173</b>
<b>Total assets</b>	<b>5,123,839</b>	<b>30,345,699</b>	<b>54,381,903</b>	<b>536,491</b>	<b>6,204,790</b>	<b>96,592,722</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable	22,024	26,168	31,197	-	-	79,389
Contracts payable	-	-	108,687	-	-	108,687
Accrued compensated absences	11,839	-	29,560	-	-	41,399
Due to other funds	25,098	3,788,814	2,752,017	854	-	6,566,783
Other liabilities	23,023	1,500	-	1,307	12,902	38,732
<b>Total current liabilities</b>	<b>81,984</b>	<b>3,816,482</b>	<b>2,921,461</b>	<b>2,161</b>	<b>12,902</b>	<b>6,834,990</b>
<b>Noncurrent liabilities</b>						
Deferred revenues	-	539,390	-	-	-	539,390
OPER liability	206,186	8,843	452,536	-	-	667,565
Accrued compensated absences	24,037	935	60,017	-	-	84,989
<b>Total noncurrent liabilities</b>	<b>230,223</b>	<b>549,168</b>	<b>512,553</b>	<b>-</b>	<b>-</b>	<b>1,291,944</b>
<b>Total liabilities</b>	<b>\$ 312,207</b>	<b>\$ 4,365,650</b>	<b>\$ 3,434,014</b>	<b>\$ 2,161</b>	<b>\$ 12,902</b>	<b>\$ 8,126,934</b>
<b>Net assets</b>						
Invested in capital assets (net of related debt)	1,964,832	23,360,350	49,401,388	414,023	3,089,580	78,230,173
Unrestricted	2,846,800	2,619,699	1,546,501	120,307	3,102,308	10,235,615
<b>Total net assets</b>	<b>\$ 4,811,632</b>	<b>\$ 25,980,049</b>	<b>\$ 50,947,889</b>	<b>\$ 534,330</b>	<b>\$ 6,191,888</b>	<b>\$ 88,465,788</b>

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

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST  
STATE OF LOUISIANA  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011

	Orleans Marina	South Shore Harbor Marina	Lakefront Airport	Lake Vista Community Center	New Basin Canal	Total Proprietary Funds
<b>Operating revenues</b>						
Charges for services						
Rentals	\$ 1,286,789	\$ 400,525	\$ 968,758	\$ 123,370	\$ 722,870	\$ 3,502,312
Fuel from sales and fees	-	-	545,314	-	-	545,314
Total charges for service	1,286,789	400,525	1,514,072	123,370	722,870	4,047,626
Miscellaneous	5,540	4,084	88,827	3,304	50	101,805
Total operating revenues	1,292,329	404,609	1,602,899	126,674	722,920	4,149,431
<b>Operating expenses</b>						
Personnel services	389,990	153,982	1,109,106	13,144	-	1,666,222
Travel	-	-	1,231	-	-	1,231
Contractual services	247,206	327,890	785,689	63,666	786	1,425,237
Materials and supplies	25,647	5,205	74,336	2,280	25	107,493
Professional services	50,005	34,128	462,376	15,123	22,824	584,456
Other charges	30,488	13,239	390,425	26,844	33,528	494,524
Depreciation	76,420	1,286,257	1,063,433	91,609	19,223	2,536,942
Major maintenance	-	44,769	158,636	-	-	203,405
Total operating expenses	819,756	1,865,470	4,045,232	212,666	76,386	7,019,510
<b>Net operating income</b>	472,573	(1,460,861)	(2,442,333)	(85,992)	646,534	(2,870,079)
<b>Nonoperating revenues</b>						
Grant income	-	76,200	1,437,351	120	-	1,513,671
Insurance Proceeds	-	12,545	2,266,321	-	-	2,278,866
Proceeds from litigation	-	-	-	-	-	-
Total nonoperating revenues	-	88,745	3,703,672	120	-	3,792,537
<b>Changes in net assets</b>	472,573	(1,372,116)	1,261,339	(85,872)	646,534	922,458
<b>Total net assets - beginning of year</b>	4,339,059	27,352,165	49,686,550	620,202	5,545,354	87,543,330
<b>Total net assets - end of year</b>	\$ 4,811,632	\$ 25,980,049	\$ 50,947,889	\$ 534,330	\$ 6,191,888	\$ 88,465,788

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

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST  
STATE OF LOUISIANA  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011

	Major Funds			Non-Major Funds	Total Proprietary Funds
	Orleans Marina	South Shore Harbor Marina	Lakefront Airport	Lake Vista and New Basin Canal	
<b>Cash flows from operating activities</b>					
Receipts from customers	\$ 1,348,659	\$ 375,750	\$ 2,074,362	\$ 927,296	\$ 4,726,067
Payments to suppliers	(354,010)	(418,166)	(2,212,661)	(154,333)	(3,139,170)
Payments to employees	(339,101)	(144,204)	(999,363)	(13,144)	(1,495,812)
Internal activities - payments to other funds	(895,801)	105,828	(2,482,618)	(759,939)	(4,032,530)
Net cash used in Operating Activities	(240,253)	(80,792)	(3,620,280)	(120)	(3,941,445)
<b>Cash flows from capital and related financing activities</b>					
Proceeds from federal and state grants	240,153	80,270	2,169,635	120	2,490,178
Purchase of capital assets	-	(12,023)	(836,539)	-	(848,562)
Proceeds from sale of capital assets	-	-	20,863	-	20,863
Insurance proceeds	-	12,545	2,266,321	-	2,278,866
Proceeds from litigation	-	-	-	-	-
Net cash provided by capital and related financing activities	240,153	80,792	3,620,280	120	3,941,345
<b>Net change in cash</b>	(100)	-	-	-	(100)
<b>Cash - beginning of year</b>	100	-	-	-	100
<b>Cash - end of year</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Reconciliation of operating income (loss) to net cash used in operating activities</b>					
Operating income (loss)	\$ 472,573	\$ (1,460,861)	\$ (2,442,333)	\$ 560,542	\$ (2,870,079)
Adjustment to reconcile operating income (loss) to net cash used in operating activities					
Cash flows reported in other categories					
Depreciation expense	76,420	1,286,257	1,063,433	110,832	2,536,942
Change in assets and liabilities					
Receivables, net	56,330	(1,104)	471,463	77,702	604,391
Prepaid expenses and other assets	3,529	8,375	(24,585)	4,106	(8,575)
Receivables from other funds	(898,248)	99,928	-	(759,939)	(1,558,259)
Accounts and other payables	46,696	(19,287)	(205,640)	6,637	(171,594)
Payables to other funds	2,447	5,900	(2,482,618)	-	(2,474,271)
Net cash used in operating activities	\$ (240,253)	\$ (80,792)	\$ (3,620,280)	\$ (120)	\$ (3,941,445)

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

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST**  
**STATE OF LOUISIANA**  
**SUPPLEMENTAL SCHEDULE OF SURVEYS,**  
**FEASIBILITY STUDIES, AND SPECIAL STUDIES**  
**JUNE 30, 2011**

<b><u>Southeast Louisiana Flood Protection Authority - East</u></b>	
Review storm surge modeling	\$ 8,190
St. Charles/East Jefferson Internal Levee Compartmentalization Study	59,000
Review of USACE Hurricane Surge Frequency Analysis	16,652
Communications Strategy - Public Relations and Communication Services	11,100
Phase I Research and Strategic communications Program Plan	17,213
Total	<u>\$ 112,155</u>
<b><u>Orleans Levee District</u></b>	
Study to determine future O&M costs - USACE HSDRRS	\$ 45,303
Bayou St. John Water Management Study (Phase I)	147,859
Total	<u>\$ 193,162</u>
<b><u>Lake Borgne Basin Levee District</u></b>	
Study to determine future O&M costs - USACE HSDRRS	\$ 43,235
Control Survey of two bridges - Pump Stations 1 & 6	3,483
Total	<u>\$ 46,718</u>
<b><u>East Jefferson Levee District</u></b>	
Review USACE design & analysis for remediation	\$ 248,764
Checking stability of existing conditions at London, Orleans & 17th St. Canal	38,199
Study to determine future O&M costs - USACE HSDRRS	49,135
Total	<u>\$ 336,098</u>

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Act 1014 dated August 15, 2010 of the Louisiana Legislature created a Board to oversee the assets and operations of the Non-Flood Division of the Orleans Levee District while ownership of the assets remains with the OLD. The Non-Flood Protection Asset Management Authority Board consists of thirteen board members. Regular monthly meetings of the Board are held at the Non-Flood office located in New Orleans, Louisiana.

**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 Authority 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 Authority 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 Authority.

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

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

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

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

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

The OLD Real Estate Fund is a companion fund to the OLD General Fund, used to provide management and administration of non-flood control operations, including the OLD's proprietary funds as well as parks, roadways, and 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 SLIP Funds is used to account for financial resources received and used for the acquisition, construction, or improvement of capital facilities.

The OLD General Improvement Fund is used to account for financial resources received and used for the acquisition, construction, or improvement of capital facilities.

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.

**D. Other Significant Accounting Policies**

Assets, Liabilities, and Equity

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 2.

Receivables

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

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Inventory

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. Effective April 1, 2010, the Authority and its related districts implemented a \$5,000 minimum capitalization threshold. The following are the major classes of capital assets and their related asset lives:

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 related amounts for the Orleans, East Jefferson and Lake Borgne Basin Levee Districts are noted within the long-term obligation schedules beginning on page 27 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.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

**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 SLFPA-E, OLD, LBBLD, and EJLD were adopted on March 17, 2010. The amended general fund budget for EJLD was adopted on March 17, 2011. The amended budgets for the SLFPA-E and OLD were adopted on June 16, 2011. 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.

**Revenues**

The Lake Borgne Basin Levee District's original budget called for a total of \$3,587,000 with no amendments to change the original budget. Actual results yielded an increase of \$588,062 to \$4,175,062, mainly due to the increase in governmental revenues. The Orleans Levee District's original budget called for a total \$29,659,027. The amended budget provided for \$29,032,725. Actual results yielded an increase to \$29,101,936, mainly due to the receipt of additional oil and gas revenues, ad valorem taxes, and intergovernmental revenues. The East Jefferson Levee District's original budget called for a total of \$8,673,000 while the amended budget had revenues of \$9,109,500 with the majority of the variance due to the increase in tax revenues, intergovernmental revenues, and insurance proceeds. Actual results yielded an increase of \$1,478,851 to \$10,588,351.

**Expenditures**

The Lake Borgne Basin Levee District's original budget called for a total of \$5,729,900 with no amendments to change the original budget. The East Jefferson Levee District's original budget called for a total of \$11,818,462 while the amended budget had expenditures of \$8,652,459, with the majority of the variance due to major maintenance and other charges. Actual results yielded amounts comparable to the original budget, with the majority of the variance due to personnel expenses. The Authority's original budget called for a total of \$ 678,900 while the amended budget had expenditures of \$1,175,849, with the majority of the variance in an increase in the contractor services. The Orleans Levee District's original budget called for a total of \$25,212,694 while the amended budget was decreased to \$24,597,503. Actual

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

Budget Amendments (continued)

results yielded \$17,477,969, with the majority of the variance due to a decrease in materials and supplies 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 14 of the report.

Investments

EJLD 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, 2011, EJLD reported a fair value of \$7,804,052 of certificates of deposits and money market accounts of which none are exposed to custodial credit risk.

Deposits with Financial Institutions

At June 30, 2011, the Authority had cash and cash equivalents (book balances) totaling \$97,130,689. The following schedule summarizes these balances:

SLFPA-E	\$	231,296
OLD		69,426,062
EJLD		21,545,147
LBBLD		5,928,184
Total		\$ 97,130,689

State statutes authorize the Authority 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. All districts were fully covered by FDIC and pledged securities at June 30, 2011.

Receivables

The following schedule displays the June 30, 2011 balances in receivables by district.

	<u>SLFPA-E</u>	<u>OLD</u>	<u>EJLD</u>	<u>LBBLD</u>	<u>Authority</u>
Ad Valorem Taxes	\$ -	\$ 1,320,098	\$ -	\$ 19,463	\$ 1,339,561
Governmental	391,150	2,966,312	2,519,878	391,003	6,268,343
Customers and other, net of allowance for doubtful accounts	-	474,152	1,691	-	475,843
	\$ 391,150	\$ 4,760,562	\$ 2,521,569	\$ 410,466	\$ 8,083,747

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

Payables

Payables at June 30, 2011 were as follows:

	<u>SLFPA-E</u>	<u>OLD</u>	<u>EJLD</u>	<u>I.BBLD</u>	<u>Authority</u>
Vendors and Employees	\$ 291,560	\$ 1,406,071	\$ 1,299,784	\$ 113,971	\$ 3,111,386
Contracts Payable	-	305,777	-	-	305,777
Other Governments	-	31,609	2,192,000	68,987	2,292,596
	<u>\$ 291,560</u>	<u>\$ 1,743,457</u>	<u>\$ 3,491,784</u>	<u>\$ 182,958</u>	<u>\$ 5,709,759</u>

**NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

Capital Assets

Orleans Levee District

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

<u>Government Activities</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Capital Assets, not being depreciated				
Land	\$ 11,352,954	\$ -	\$ -	\$ 11,352,954
Construction in Progress	6,891,294	2,807,236	1,185,232	8,513,298
Total capital assets not being depreciated	18,244,248	2,807,236	1,185,232	19,866,252
Capital assets, being depreciated				
Buildings	11,102,677	-	-	11,102,677
Improvements other than buildings	11,071,415	538,703	-	11,610,118
Equipment	8,690,621	357,633	1,181,513	7,866,741
Infrastructure	132,667,207	646,526	-	133,313,733
Total capital assets, being depreciated	163,531,920	1,542,862	1,181,513	163,893,269
Less accumulated depreciation for				
Buildings	5,390,876	354,820	-	5,745,696
Improvements other than buildings	8,190,861	96,813	-	8,287,674
Equipment	6,651,149	511,683	1,152,398	6,010,434
Infrastructure	42,279,749	3,437,625	-	45,717,374
Total accumulated depreciation	62,512,635	4,400,941	1,152,398	65,761,178
Total capital assets, being depreciated, net	101,019,285	(2,858,079)	29,115	98,132,091
<b>Governmental activities capital assets, net</b>	<u>\$ 119,263,533</u>	<u>\$ (50,843)</u>	<u>\$ 1,214,347</u>	<u>\$ 117,998,343</u>

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

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

<u>Business-Type Activities</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Capital Assets, not being depreciated				
Land	\$ 22,054,735	\$ -	\$ -	\$ 22,054,735
Construction in Progress	18,857,107	884,968	10,561,068	9,181,007
Total capital assets not being depreciated	40,911,842	884,968	10,561,068	31,235,742
Capital assets, being depreciated				
Buildings	9,903,194	9,132,750	51,147	18,984,797
Improvements other than buildings	95,350,465	1,383,549	-	96,734,014
Equipment	1,824,050	33,390	156,283	1,701,157
Infrastructure	401,111	-	-	401,111
Total capital assets, being depreciated	107,478,820	10,549,689	207,430	117,821,079
Less accumulated depreciation for				
Buildings	6,113,350	374,717	3,694	6,484,373
Improvements other than buildings	60,450,272	2,039,988	-	62,490,260
Equipment	1,672,844	101,450	156,283	1,618,011
Infrastructure	214,781	19,223	-	234,004
Total accumulated depreciation	68,451,247	2,535,378	159,977	70,826,648
Total capital assets, being depreciated, net	39,027,573	8,014,311	47,453	46,994,431
<b>Business-type activities capital assets, net</b>	<b>\$ 79,939,415</b>	<b>\$ 8,899,279</b>	<b>\$ 10,608,521</b>	<b>\$ 78,230,173</b>

East Jefferson Levee District

<u>Government Activities</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
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	1,640,596			1,640,596
Improvements other than buildings	3,602,917	354,124	483,568	3,473,473
Infrastructure	3,200,000			3,200,000
Total capital assets, being depreciated	8,443,513	354,124	483,568	8,314,069
Less accumulated depreciation for				
Buildings	999,534	43,231		1,042,765
Improvements other than buildings	2,428,883	311,589	483,568	2,256,904
Infrastructure	1,252,500	80,000		1,332,500
Total accumulated depreciation	4,680,917	434,820	483,568	4,632,169
Total capital assets, being depreciated, net	3,762,596	(80,696)	-	3,681,900
<b>Governmental activities capital assets, net</b>	<b>\$ 6,201,120</b>	<b>\$ (80,696)</b>	<b>\$ -</b>	<b>\$ 6,120,424</b>

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

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

Lake Borgne Basin Levee District

<u>Government Activities</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Capital Assets, not being depreciated				
Land	\$ 256,954	\$ -	\$ -	\$ 256,954
Total capital assets not being depreciated	256,954	-	-	256,954
Capital assets, being depreciated				
Buildings, equipment, and infrastructure	29,816,774	96,002	28,667	29,884,109
Total capital assets, being depreciated	29,816,774	96,002	28,667	29,884,109
Less accumulated depreciation for				
Buildings, equipment, and infrastructure	15,450,206	909,817	28,667	16,331,356
Total accumulated depreciation	15,450,206	909,817	28,667	16,331,356
Total capital assets, being depreciated, net	14,366,568	(813,815)	-	13,552,753
<b>Governmental activities capital assets, net</b>	<b>\$ 14,623,522</b>	<b>\$ (813,815)</b>	<b>\$ -</b>	<b>\$ 13,809,707</b>

**Long-Term Debt**

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

Orleans Levee District

<u>Governmental Activities</u>	<u>June 30,</u> <u>2010</u>	<u>Additions</u>	<u>Retirement</u>	<u>June 30,</u> <u>2011</u>	<u>One Year</u>
Levee improvements					
Variable rate refunding bonds, series 1996	\$ 2,555,000	\$ -	\$ (455,000)	\$ 2,100,000	\$ 475,000
Total levee improvement bonds payable	2,555,000	-	(455,000)	2,100,000	475,000
Public improvement					
Variable rate refunding bonds, series 1996	1,190,000	-	(170,000)	1,020,000	180,000
Total public improvement bonds payable	1,190,000	-	(170,000)	1,020,000	180,000
Less:					
Unamortized issue costs	(15,474)	-	4,956	(10,518)	-
Unamortized loss on refunding	(11,786)	-	3,759	(8,027)	-
Net Public improvement bonds payable	1,162,740	-	(161,285)	1,001,455	180,000
Long term borrowing from State of Louisiana	26,125,671	-	-	26,125,671	-
Community disaster loans	10,636,293	-	(10,636,293)	-	-
Total bonds and notes payable	40,479,704	-	(11,252,578)	29,227,126	655,000
Compensated absences	501,105	-	(9,753)	491,352	21,988
Judgments	24,982,623	631,751	-	25,614,374	243,250
Post-employee benefit liability	2,869,035	901,957	-	3,770,992	-
<b>Governmental activities long-term liabilities</b>	<b>68,832,467</b>	<b>1,533,708</b>	<b>(11,262,331)</b>	<b>59,103,844</b>	<b>920,238</b>
<b>Business type activities</b>					
Compensated absences	118,746	8,306	(664)	126,388	41,399
Post-employment benefit liability	508,398	159,167	-	850,081	-
<b>Total long term obligations</b>	<b>\$69,459,611</b>	<b>\$ 1,701,181</b>	<b>\$(11,262,995)</b>	<b>\$59,897,797</b>	<b>\$ 961,637</b>

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

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

Lake Borgne Basin Levee District

<u>Governmental Activities</u>	<u>June 30,</u> <u>2010</u>	<u>Additions</u>	<u>Retirement</u>	<u>June 30,</u> <u>2011</u>	<u>One Year</u>
Accrued compensated absences	\$ 123,136	\$ 81,685	\$ (77,495)	\$ 127,326	\$ 42,018
Post-employment benefit liability	1,765,531	357,262	-	2,122,793	-
<b>Total long term obligations</b>	<b>\$ 1,888,667</b>	<b>\$ 438,947</b>	<b>\$ (77,495)</b>	<b>\$ 2,250,119</b>	<b>\$ 42,018</b>

East Jefferson Levee District

<u>Governmental Activities</u>	<u>June 30,</u> <u>2010</u>	<u>Additions</u>	<u>Retirement</u>	<u>June 30,</u> <u>2011</u>	<u>One Year</u>
Accrued compensated absences	\$ 188,997	\$ 141,108	\$ (129,061)	\$ 201,044	\$ 66,345
Post-employment benefit liability	556,753	136,709	-	693,462	-
<b>Total long term obligations</b>	<b>\$ 745,750</b>	<b>\$ 277,817</b>	<b>\$ (129,061)</b>	<b>\$ 894,506</b>	<b>\$ 66,345</b>

**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 OLD executed a series of promissory notes under the CDL Program with the Federal Emergency Management Agency (FEMA), 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 hurricane.

Amounts of the notes and respective interest rates are:

	<u>Date</u>	<u>Amount</u>	<u>Rate</u>
1.	1603LA57 6/21/2006	\$3,346,000	3.12%
2.	1603LA57A 8/27/2006	671,734	2.93%
3.	1603LA74A 9/10/2006	230,752	2.87%
4.	1603LA74B 8/27/2006	5,312,334	2.93%
		<u>\$9,560,820</u>	

In November 2010, FEMA approved a partial principal cancellation of \$5,675,167 including related interest of \$721,562. The remaining amount, including \$3,885,653 of principal and \$541,488 of interest, was paid on June 30, 2011. There was no outstanding balance on the loans as of June 30, 2011.

**Loans from the State of Louisiana**

On July 19, 1996, the OLD entered into a cooperative endeavor agreement with the State of Louisiana constituting a loan agreement between the two parties wherein the State agreed to tend 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.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

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

The terms of the loan include a maturity date 20 years from the delivery of the bonds issued by the State. In the first five 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 five 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.

At 4.64% interest, assuming all funds are borrowed, the annual installment due for debt service beginning in fiscal year 2012 is \$2,456,132 through 2026. The amount outstanding as of June 30, 2011 is \$26,125,671.

**Property Taxes**

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.

**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 ongoing 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 2009 and 2010. The following table shows the maximum rates as well as the rates billed in 2011:

	<u>Authorized</u>	<u>Levied 2011</u>
Parish-wide taxes:		
Constitutional	5.46	5.46
Maintenance	0.75	0.75
Levee improvement	6.55	5.46
	<u>12.76</u>	<u>11.67</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.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

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

At June 30, 2011, approximately \$1,433,813 of property taxes have been paid under protest and are, therefore, not recorded in the financial statements. The resolution of these protests is not determinable at this time.

Lake Borgne Basin 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 districts 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. The following table shows the maximum rates as well as the rates billed in 2011:

	<u>Authorized</u>	<u>Levied 2011</u>	<u>Effective</u> <u>Years</u>
Parish-wide taxes:			
Constitution	3.83	3.83	
General election, Nov 15, 2003	3.00	3.00	2005 – 2014
General election, Oct. 17, 2009	4.27	4.27	2011 - 2020
	11.10	11.10	

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 districts 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. The following table shows the maximum rates as well as the rates billed in 2011:

	<u>Authorized</u>	<u>Levied 2011</u>
Parish-wide taxes:		
Constitutional	4.01	4.01
	4.01	4.01

**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

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**NOTE 4 - PENSION PLAN (CONTINUED)**

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 overage 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 contribution rates for fiscal years ended June 30, 2011, 2010, and 2009 were 22.0%, 18.6%, and 18.5%, respectively. Contributions to the System are funded through employee and employer contributions. Contributions to the System for the years ended June 30, 2011, 2010 and 2009 were \$45,038, \$32,568 and 31,778, respectively, equal to the required contributions for each year. Under 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 employees are eligible to participate in the System. Benefits vest with ten years of service. At retirement age, Regular Members of LASERS hired on or before June 30, 2006 are entitled to annual benefits equal to 2.5% of their highest consecutive 36 months average salary multiplied by their years of credited service. Also, Regular Members hired before July 1, 1986 are entitled to an additional \$300.00 per year. Regular Members hired on or after July 1, 2006, are entitled to annual benefits equal to 2.5% of their highest successive 60 months average salary multiplied by their years of credited service.

Regular Members hired on or before June 30, 2006, may retire at (a) any age with thirty years of service, (b) age 55 with twenty-five years of service, or (c) age sixty with ten years of service. In addition, those members have the option of reduced benefits at any age with twenty years of service. Regular Members hired on or after July 1, 2006 may retire at age 60 with ten years of service. The System also provides a death and disability benefit. 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 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 rates for fiscal years ended June 30, 2011, 2010, and 2009 were 22.0%, 18.6%, and 18.5%, respectively. The District's contribution to the System for the years ended June 30, 2011, 2010 and 2009 were \$1,168,237, \$971,670, and \$1,362,907, respectively, equal to the required contributions for each year.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**NOTE 4 - PENSION PLAN (CONTINUED)**

Lake Borgne Basin Levee District

Substantially all of the employees of the LBBLD 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, Regular Members of LASERS hired on or before June 30, 2006 are entitled to annual benefits equal to 2.5% of their highest consecutive 36 months average salary multiplied by their years of credited service. Also, Regular Members hired before July 1, 1986 are entitled to an additional \$300.00 per year. Regular Members hired on or after July 1, 2006, are entitled to annual benefits equal to 2.5% of their highest successive 60 months average salary multiplied by their years of credited service. Regular Members hired on or before June 30, 2006, may retire at (a) any age with thirty years of service, (b) age 55 with twenty-five years of service, or (c) age sixty with ten years of service. In addition, those members have the option of reduced benefits at any age with twenty years of service. Regular Members hired on or after July 1, 2006 may retire at age 60 with ten years of service. The System also provides a death and disability benefit. 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 Lake Borgne Basin Levee District is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rates for fiscal years ended June 30, 2011, 2010, and 2009 were 22.0%, 18.6%, and 18.5%, respectively. The District's contributions to the System during the fiscal years ended June 30, 2011, 2010, and 2009 were \$207,946, \$186,450, and \$177,233, respectively, equal to the required contributions for the year. Under present statutes, the LBBLD does not guarantee any of the benefits granted by the System.

East Jefferson Levee District

Substantially all of the employees of the EJLD 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, Regular Members of LASERS hired on or before June 30, 2006 are entitled to annual benefits equal to 2.5% of their highest consecutive 36 months average salary multiplied by their years of credited service. Also, Regular Members hired before July 1, 1986 are entitled to an additional \$300.00 per year. Regular Members hired on or after July 1, 2006, are entitled to annual benefits equal to 2.5% of their highest successive 60 months average salary multiplied by their years of credited service.

Regular Members hired on or before June 30, 2006, may retire at (a) any age with thirty years of service, (b) age 55 with twenty-five years of service, or (c) age sixty with ten years of service. In addition, those members have the option of reduced benefits at any age with twenty years of service. Regular Members hired on or after July 1, 2006 may retire at age 60 with ten years of service. The System also provides a death and disability benefit. Benefits are established by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**NOTE 4 - PENSION PLAN (CONTINUED)**

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 EJLD 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, 2011 was 22.00%. The contribution rate for fiscal years ended June 30, 2010 and 2009 were 18.6% and 18.5%, respectively. The District's contributions to the System during the fiscal years ended June 30, 2011, 2010, and 2009, were \$352,688, \$333,931, and \$321,309, respectively, equal to the required contributions for each year. Under present statutes, the EJLD 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, 2011, 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.

**NOTE 7 - LITIGATION AND CLAIMS**

Orleans Levee District

**Bohemia Spillway Litigation**

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.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**NOTE 7 - LITIGATION AND CLAIMS (CONTINUED)**

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, \$100,000 on March 20, 2008, and \$100,000 on March 26, 2010.

During fiscal year 2007, plaintiffs in the class 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 commissioner, 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.

Included in the liability for judgments and legal claims payable as of June 30, 2011 is \$1.74 million related to two judgments rendered by the district court on June 2, 2011. On June 21, 2011, the District filed a motion for suspensive appeal.

Also included in the judgments and legal claims payable as of June 30, 2011 is a \$3.8 million provision for claims of Bohemia plaintiffs who opted out of the Haspel Davis Class action lawsuit.

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 of these assets.

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

**Other Litigation**

At June 30, 2011, the District was a defendant or co-defendant in multiple lawsuits in addition to those relating to Hurricane Katrina. Numerous class action lawsuits have been filed in connection with

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

**NOTE 7 - LITIGATION AND CLAIMS (CONTINUED)**

Hurricane Katrina, which are being handled through the District's general and excess liability insurer. A motion has been granted by the district judge to settle this litigation for the amount of insurance coverage. This ruling is being appealed to the Fifth Circuit Court of Appeals by some of the plaintiffs.

In August 2010, the District reached a tentative settlement with a fixed base operator at Lakefront Airport providing that the District will grant the operator an abatement and release of past due rent and other charges assessable under its lease totaling \$473,000; an abatement of the rent on one of two hangars leased by the operator until repairs are completed; and a rent credit in the amount of \$500,000, which will be credited in the amount of \$100,000 per year over a five year term, commencing August 1, 2011

Lake Borgne Basin Levee District

The LBBLD 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.

The LBBLD 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. The District is vigorously defending the lawsuits.

The LBBLD is a defendant in two lawsuits 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 million in each case in the event of an unfavorable outcome.

East Jefferson Levee District

The EJLD 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.

As reflected in the Combined Statement of Net Assets, estimated liabilities relating to the above-described judgments and legal claims payable totaled \$25,027,592 of June 30, 2011. The increase in estimated liabilities payable in the current fiscal year was \$44,969 and is included in the Combined Statement of Activities.

**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.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2011**

**NOTE 8 - COMPENSATION PAID TO BOARD MEMBERS (CONTINUED)**

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

Timothy P. Doody	\$	4,511
Stephen Estopinal		4,107
John M. Barry		4,082
George Losonsky		2,572
David P. Barnes, Jr.		3,730
Thomas I. Jackson		3,703
Louis E. Wittie		4,107
Ricardo Pineda		1,764
		<u>\$ 28,576</u>

The Orleans Levee District Non-Flood Division's Board ("Non-Flood Protection Asset Management Authority") members do not receive compensation.

**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 2011 for the 100 retirees totaled \$464,388. Employees hired January 1, 2010 or later, who are eligible for Medicare will not be eligible for the District's Health Insurance Plan.

**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 2010. The assumed investment rate of return used in the valuation is 4%.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

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

Annual OPEB Cost: For 2010, the District's annual OPEB cost (expense) of \$1,585,732 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 2011 and the preceding year were as follows:

Normal Cost	\$ 350,888
30-year UAL amortization amount	1,234,844
Interest on the above	-
Annual required contribution (ARC)	<u>\$ 1,585,732</u>

The following table presents the Levee District's OPEB Obligation for the fiscal year 2011:

Beginning net OPEB obligation, July 1, 2010	\$ 3,377,433
Annual required contribution	1,585,732
Interest on net OPEB obligation	135,097
Adjustment to ARC	<u>(195,317)</u>
OPEB cost	4,902,945
Contributions made (retiree cost)	<u>(464,388)</u>
Change in net OPEB obligation	<u>4,438,557</u>
Ending net OPEB obligation, June 30, 2011	<u>\$ 4,438,557</u>

Funded Status and Funding Progress: The funded status of the plan, as of June 30, 2011, was as follows:

Healthcare

Actuarial accrued liability (AAL)	\$ 21,144,096
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>21,144,096</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	6,096,378
UAAL as a percentage of covered payroll	347%

Life Insurance

Actuarial accrued liability (AAL)	\$ 1,208,825
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>1,208,825</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	6,096,378
UAAL as a percentage of covered payroll	20%

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

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

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

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 June 30, 2011 actuarial valuation, the entry age actuarial cost method was used, the actuarial assumptions included 4% investment rate of return (net of administrative expenses). 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 June 30, 2011 was thirty years.

**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)
7/1/2011	-	21,352,921	21,352,921	0%	6,096,378	350%
7/1/2010	-	21,352,921	21,352,921	0%	6,329,607	337%
7/1/2009	-	20,366,870	20,366,870	0%	6,132,840	332%

**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 on 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.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

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

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

For employees hired January 1, 2010 or later, the employee will be responsible for the premium at age 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: LBBLD employees may participate in the State's Other Post-employment Benefit Plan ("OPEB Plan"), an agent multiple-employer, defined benefit OPEB Plan (for FY 2011) 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](http://www.doa.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 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 2011 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 2011 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 2011. 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).

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

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

The Annual OPEB Cost: The Levee Districts 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, 2011 is \$417,700 as set forth below.

Normal cost	\$ 225,300
30-year UAL amortization amount	192,400
Interest on the above	-
Annual required contribution (ARC)	<u>\$ 417,700</u>

The following table presents the Levee District's OPEB Obligation for the fiscal year 2011:

Beginning net OPEB obligation, July 1, 2010	\$ 1,765,531
Annual required contribution	417,700
Interest on net OPEB obligation	-
OPEB Cost	<u>2,183,231</u>
Contributions made (retiree cost)	<u>(60,438)</u>
Change in net OPEB obligation	<u>2,122,793</u>
Ending net OPEB obligation, June 30, 2011	<u>\$ 2,122,793</u>

The funded status of the plan as of June 30, 2011, was as follows:

Actuarial accrued liability (AAL)	\$ 4,660,700
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 4,660,700</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 1,119,600
UAAL as a percentage of covered payroll	416%

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.

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 of 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

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

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

reduce short-term volatility is actuarial accrued liabilities consistent with the long-term perspective of the calculator.

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, 2011 was twenty nine years.

**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)
7/1/2011	-	4,660,700	4,660,700	0%	1,119,600	416%
7/1/2010	-	5,269,900	5,269,900	0%	1,363,755	386%
7/1/2009	-	7,292,600	7,292,600	0%	914,600	797%

**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 2011 for the 21 retirees totaled \$40,011.

**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, \$54,172 per month for retiree and spouse, \$517.09 for retiree and child, or \$738.70 for retiree and family coverage.

The District's annual required contribution ("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 2011. The assumed investment rate of return used in the valuation is 4%.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

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

Annual OPEB Cost For 2011, the District's annual OPEB cost (expense) of \$184,209 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 2011 and the preceding year were as follows:

Normal cost	\$ 94,004
30-year UAL amortization amount	90,205
Interest on the above	-
Annual required contribution (ARC)	<u>\$ 184,209</u>

The following table presents the Levee District's OPEB obligation for the fiscal year 2011:

Beginning net OPEB obligation, July 1, 2010	\$ 556,753
Annual required contribution	184,209
Interest on net OPEB obligation	16,800
Adjustment to ARC	(24,289)
OPEB Cost	<u>733,473</u>
Contributions made (retiree cost)	<u>(40,011)</u>
Change in net OPEB obligation	<u>693,462</u>
Ending net OPEB obligation, June 30, 2011	<u>\$ 693,462</u>

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2011, was as follows:

Actuarial accrued liability (AAL)	\$ 1,559,832
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,559,832</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 696,779
UAAL as a percentage of covered payroll	223%

**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)
06/30/2011	-	1,559,832	1,559,832	0%
06/30/2010	-	1,559,832	1,559,832	0%
06/30/2009	-	4,021,166	4,021,166	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

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2011**

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

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 on 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 post 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 OLD, 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 OLD 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 the Algiers Levee District 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 12 - Other Transfers)

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

	<u>2011</u>	<u>2010</u>
Total taxes collected, Algiers Levee District	\$ 2,499,265	\$ 2,406,074
Amount remitted to Algiers Levee District	<u>2,444,671</u>	<u>2,511,064</u>
Amount retained by the Orleans Levee District	\$ 54,594	\$ -

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**NOTE 11 - CONSTRUCTION COMMITMENTS**

The Authority 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 \$1,103,000 as of June 30, 2011. Construction commitments related to damages caused by Hurricane Katrina and all other relating to levee improvement, maintenance, pump stations and other repairs and projects amount to \$2,644,474 as of June 30, 2011.

**NOTE 12 - DUE TO/DUE FROM AND TRANSFERS - ORLEANS LEVEE DISTRICT**

The following is a 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).

**Flood Control General Fund Due To's and From's Non Flood Division**

Due from Real Estate Admin Fund	\$ 7,200,890
Due from South Shore Harbor	3,754,563
Due from LVCC	1,527
Due to Non-flood Gen'l Improve Fund	(303,227)
Due to SLIP Fund	(69,323)
Due to Orleans Mariana	(776,666)
Due to Other Fund	(16,091)
Due to Lakefront Airport	(2,877,394)
<b>Net Flood Control Due From (to) Real Estate Division</b>	<b>\$ 6,914,279</b>

**Real Estate (Non-Flood Division)**

<u>Administrative Fund</u>	
Due from General Improvement Fund	\$ 3,258,003
Due from Airport	2,637,079
Subtotal due from	5,895,082
Due to Lake Vista Community Center	(96,070)
Due to Orleans Marian	(2,129,439)
Due to South Shore Harbor	(6,007,290)
Due to New Basin Canal	(3,090,966)
South Shore Harbor due to Orleans Marina	(28,374)
Subtotal due to	(11,352,139)
Lake Vista Community Center due from Admin	96,070
Orleans Marian due from Admin	2,129,439
South Shore Harbor due from Admin	6,007,290
New Basin Canal due from Admin	3,090,966
Orleans Marina due from South Shore Harbor	28,374
Subtotal due from	11,352,139

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

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

General Improvement Fund due to Admin	(3,258,003)
Airport due to Admin	(2,637,079)
Subtotal due from	(5,895,082)
<b>Net due to/from, Non-Flood Funds within divisions</b>	<b>\$ -</b>

**Real Estate non Flood Division's due (to's) from's the Flood Control Division**

Admin Fund due to Flood Division General Fund	(7,184,496)
Airport Fund due from Flood Control Fund	2,877,087
Orleans Marina due from Flood Division	776,666
South Shore Harbor due to Flood Division	(3,754,563)
LVCC due to Flood Division	(1,523)
SLIP Fund due to Flood Division	69,323
General Improvement Fund due from Flood Control	303,227
<b>Net amount due to Flood Control</b>	<b>\$(6,914,279)</b>

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:

SLIP Fund	\$ 518,134	\$ -	
Debt Service Fund from the General Fund	4,627,301	-	
	5,145,435	-	

Special Levee Improvement Projects Fund to the Debt Service Fund:

Service Fund	-	518,134	
From the General Fund to the Debt Service Fund	-	4,627,301	
	-	5,145,435	
<b>Total</b>	<b>\$ 5,145,435</b>	<b>\$ 5,145,435</b>	

**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 OLD. The law further provided that a pro-rata share of the OLD'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, and ad valorem taxes are collected on a calendar year basis, implementation of the law resulted in the OLD making certain payments to the Algiers Levee District beginning in fiscal year 2008.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**NOTE 13- LESSOR OPERATING LEASES**

The OLD leases boat slips, boathouses, and building space to certain parties under operating leases. At June 30, 2011, the total cost of the land, buildings and improvements leased to others is \$148 million with \$683 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:		
2012	\$	3,892,392
2013		2,747,065
2014		2,793,799
2015		2,793,800
2016		2,793,801
2017-2021		7,840,000
2022-2026		7,840,000
2027-2031		7,840,000
Remainder of term		7,840,000
Total	\$	46,380,857

Current year rents amount to \$3.5 million. The amount derived from contingent rent increases was negligible. The amounts reported represent rents due on non-cancelable leases currently in effect.

**NOTE 14-SUBSEQUENT EVENTS**

**Act 363 of the 2011 Louisiana Legislature**

Act 363 dated June 29, 2011 of the Louisiana Legislature requires the OLD Flood Division to pay \$700,000 to OLD Non-Flood Protection Asset Management Authority on or before the thirtieth day of July beginning in the year 2011 and on or before the fifteenth day of April thereafter to be sued for the operation and maintenance of Lakeshore Drive expiring on December 31, 2012. Act 363 also notes sufficient funds shall be allocated for the purpose of maintaining an Orleans Levee District police force to be made up of not less than twenty-four police officers who shall provide security for Lakeshore Drive and other flood assets located within the jurisdiction of the Orleans Levee District. The Orleans Levee District police force will begin the transferring process from OLD Non-Flood Protection Asset Management Authority to the OLD Flood Division on July 1, 2011.

**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, 2011**

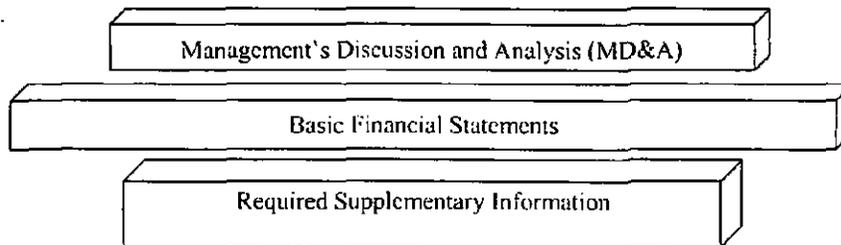
**STATE OF LOUISIANA  
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2011**

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, 2011. 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.

The Statement of Cash Flow 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(used) by operating activities (indirect method) as required by GASB Statement No. 34.

**STATE OF LOUISIANA  
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2011**

**Financial Highlights**

**Net Assets**

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

<b>(In Thousands)</b>	<b>Governmental</b>		<b>Business-Type</b>		<b>SLFPA-E</b>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 103,747	\$ 92,048	\$ 11,796	\$ 9,423	\$ 115,543	\$ 101,471
Capital assets	<u>137,929</u>	<u>140,088</u>	<u>78,230</u>	<u>79,939</u>	<u>216,159</u>	<u>220,027</u>
Total assets	<u>241,676</u>	<u>232,136</u>	<u>90,026</u>	<u>89,362</u>	<u>331,702</u>	<u>321,498</u>
Other liabilities	6,610	8,759	268	577	6,878	9,336
Long-term debt outstanding	<u>61,220</u>	<u>67,456</u>	<u>1,292</u>	<u>1,155</u>	<u>62,512</u>	<u>68,611</u>
Total liabilities	<u>67,830</u>	<u>76,215</u>	<u>1,560</u>	<u>1,732</u>	<u>69,390</u>	<u>77,947</u>
Net assets						
Invested in capital assets, net of debt	137,929	136,343	78,230	79,939	216,159	216,282
Restricted	1,464	2,882	-	-	1,464	2,882
Unrestricted	<u>34,453</u>	<u>16,813</u>	<u>10,236</u>	<u>7,604</u>	<u>44,689</u>	<u>24,417</u>
Total net assets	<u>\$ 173,846</u>	<u>\$ 156,038</u>	<u>\$ 88,466</u>	<u>\$ 87,543</u>	<u>\$ 262,312</u>	<u>\$ 243,581</u>

- Combined net assets of the Authority exceeded its combined liabilities at the close of fiscal year 2011 by \$262 million, compared with combined net assets a year earlier of \$244 million, an 8.0% and \$19 million increase.
- Of the \$19 million increase in net assets, significant contributors included over \$6.3 million in cancellation of FEMA Community Disaster Loan debt and a surplus for the Special Levee Improvement Fund, reflecting the continued capitalization of construction costs and a lower than usual level of spending due to USACE spending in place of Local Sponsor spending. Additionally, there was a \$1.9 million increase in Ad valorem taxes collected.
- Of this total increase in net assets, \$2.5 million was derived from the governmental operations of the East Jefferson Levee District, the Lake Borgne Levee District, and from the Authority. The business-type operations of the Orleans Levee District contributed \$16.4 million in net asset increases.
- Of the \$18 million change in net assets contributed by the Governmental Funds, \$9 million 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  
AS OF JUNE 30, 2011**

**Changes in Net Assets**

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

<b>(In Thousands)</b>	<b>Governmental</b>		<b>Business-Type</b>		<b>SLFPA-E</b>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Operating revenues	\$ 519	\$ 1,929	\$ 4,048	\$ 4,063	\$ 4,567	\$ 5,992
Operating expenses	<u>(35,515)</u>	<u>(33,182)</u>	<u>(7,019)</u>	<u>(6,410)</u>	<u>(42,534)</u>	<u>(39,592)</u>
Operating loss	(34,996)	(31,253)	(2,971)	(2,347)	(37,967)	(33,600)
Non-operating revenues(expenses)	46,950	38,815	-	(47)	46,950	38,768
Federal and state grants	5,854	6,894	1,514	8,852	7,368	15,746
Insurance	<u>-</u>	<u>-</u>	<u>2,279</u>	<u>797</u>	<u>2,279</u>	<u>797</u>
Increase in net assets	<u>\$ 17,808</u>	<u>\$ 14,456</u>	<u>\$ 822</u>	<u>\$ 7,255</u>	<u>\$ 18,730</u>	<u>\$ 21,711</u>

- Charges to customers for rents and mineral production increased marginally. Ad valorem tax revenue (excluding collections by the Orleans district on behalf of Algiers), increased by \$1.8 million and 19% on the full accrual basis while mineral revenue declined.
- Federal grants declined \$8 million largely due to completion of repairs to infrastructure and buildings due to damages caused by Hurricane Katrina.
- The increase in non operating revenues (expenses) is largely due to over \$6.3 million in cancellation of FEMA Community Disaster Loan debt.

**Capital Assets**

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

<b>(In Thousands)</b>	<b>Governmental</b>		<b>Business-Type</b>		<b>SLFPA-E</b>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$14,048	\$ 14,048	\$ 22,055	\$ 22,055	\$ 36,103	\$ 36,103
Buildings and improvements	10,494	7,414	46,744	38,690	57,238	46,104
Moveable property	2,918	3,479	83	152	3,001	3,631
Infrastructure	101,955	108,256	167	186	102,122	108,442
Construction in progress	<u>8,513</u>	<u>6,891</u>	<u>9,181</u>	<u>18,857</u>	<u>17,694</u>	<u>25,748</u>
Total	<u>\$ 137,928</u>	<u>\$ 140,088</u>	<u>\$ 78,230</u>	<u>\$ 79,940</u>	<u>\$ 216,158</u>	<u>\$ 220,028</u>

- Net investment in capital assets decreased \$38.7 million in fiscal 2011, the result of a slowing down from rebuilding assets and an increase in accumulated depreciation expense.

**STATE OF LOUISIANA  
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2011**

- 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 Authority.

**Long Term Debt**

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

<b>(In Thousands)</b>	<b>Governmental</b>		<b>Business-Type</b>		<b>SLFPA-E</b>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Bonds	\$ 3,101	\$ 3,745	\$ -	\$ -	\$ 3,101	\$ 3,745
Notes payable FEMA	-	10,636	-	-	-	10,636
Notes payable Louisiana	26,126	26,126	-	-	26,126	26,126
Judgments and legal claims payable	25,614	24,983	-	-	25,614	24,983
Other post employment benefits	6,587	5,191	668	508	7,255	5,699
Compensated absences	820	813	126	119	946	932
<b>Total</b>	<u>\$ 62,248</u>	<u>\$ 71,494</u>	<u>\$ 794</u>	<u>\$ 627</u>	<u>\$ 63,042</u>	<u>\$ 72,121</u>

- At the end of the current fiscal year, long-term obligations amounted to \$63 million, compared with \$72 million in the prior year. Along with bonds and notes payable, these obligations included judgments payable, contingent liabilities, post retirement obligations and reflects the early retirement of \$10.6 million in notes payable to FEMA including over \$6.3 million in cancellation.
- Post retirement obligations represent a current recognition of future benefit obligations that the Authority is responsible for.

**Variations between Budgeted and Actual Results**

**Revenues**

The Lake Borgne Basin Levee District's original budget called for a total of \$3,587,000 with no amendments to change the original budget. Actual results yielded an increase of \$588,062 to \$4,175,062, mainly due to the increase in governmental revenues. The Orleans Levee District's original budget called for a total \$29,659,027. The amended budget provided for \$29,032,725. Actual results yielded an increase to \$29,101,936, mainly due to the receipt of additional oil and gas revenues, ad valorem taxes, and intergovernmental revenues while there was a decrease in mineral revenue. The East Jefferson Levee District's original budget called for a total of \$8,673,000 while the amended budget had revenues of \$9,109,500 with the majority of the variance due to the increase in tax revenues, intergovernmental revenues, and insurance proceeds. Actual results yielded an increase of \$1,478,851 to \$10,588,351.

**STATE OF LOUISIANA  
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2011**

**Expenditures**

The Lake Borgne Basin Levee District's original budget called for a total of \$5,729,900 with no amendments to change the original budget. The actual results yielded amounts comparable to the original budget, with a change of \$366,506. The East Jefferson Levee District's original budget called for a total of \$11,818,462 while the amended budget had expenditures of \$8,652,459, with the majority of the variance due to major maintenance and other charges. Actual results yielded amounts comparable to the original budget, with the majority of the variance due to personnel expenses. The Authority's original budget called for a total of \$ 678,900 while the amended budget had expenditures of \$1,175,849, with the majority of the variance in an increase in the contractor services. The Orleans Levee District's original budget called for a total of \$25,212,694 while the amended budget was decreased to \$24,597,503. Actual results yielded \$17,477,969, with the majority of the variance due to a decrease in materials and supplies 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 14 of the report.

The budget of the General Fund of the Orleans Levee District was amended on June 16, 2011.

**Economic Factors and Next Year's Budgets and Rates**

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

- Continued depressed economy
- Increased maintenance of completed USACE projects
- Changes in organization processes
- The additional responsibilities vested in the Authority and the Individual Districts
- 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, 2011

<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 97,130,689
Investments	7,808,233
Receivables	1,815,404
Due from other governments	6,268,343
Inventory	466,792
Other assets	1,054,834
Restricted assets	998,923
<b>Total current assets</b>	<u>115,543,218</u>
Noncurrent Assets:	
Capital assets (net of depreciation)	
Land	36,103,167
Buildings	18,455,236
Improvements other than buildings	38,782,767
Movable property	3,000,452
Infrastructure	102,122,720
Construction in progress	17,694,305
<b>Total noncurrent assets</b>	<u>216,158,647</u>
<b>Total assets</b>	<b>331,701,865</b>
Liabilities	
Current liabilities	
Payables	3,354,636
Contracts payable	305,777
Deferred revenues	49,453
Accrued compensated absences	171,750
Due to other agencies	2,292,596
Other liabilities	38,732
Bonds payable	655,000
Accrued bond interest payable	10,244
<b>Total current liabilities</b>	<u>6,878,188</u>
Noncurrent liabilities	
Deferred revenues	539,390
Accrued compensated absences	774,360
Bonds payable	2,446,455
Notes payable	26,125,671
Judgments payable	25,371,124
Post employment benefits payable	7,254,812
<b>Total noncurrent liabilities</b>	<u>62,511,812</u>
<b>Total liabilities</b>	<u>69,390,000</u>
<b>Net assets invested in capital assets, net of related debt</b>	<b>216,158,647</b>
Restricted for:	
Capital outlay	510,109
Debt service	327,500
Other reservations	626,517
Unrestricted	44,689,092
<b>Total net assets</b>	<u>262,311,865</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 331,701,865</u></u>

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

STATE OF LOUISIANA  
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST  
STATEMENT OF ACTIVITIES  
AS OF JUNE 30, 2011

<b>Operating revenues</b>	
Charges for services	\$ 4,566,304
Miscellaneous	735,530
Total operating revenues	<u>5,301,834</u>
<b>Operating expenses</b>	
Cost of services	34,020,728
Depreciation	8,280,956
Total operating expenses	<u>42,301,684</u>
Operating income (loss)	<u>(36,999,850)</u>
<b>Non-operating revenues (expenses)</b>	
Taxes	40,870,306
Intergovernmental revenues	4,635,827
Investment earnings	217,993
Operating grants	1,728,830
Bond issuance costs	(8,716)
Other	6,565,879
Total non-operating revenues (expenses)	<u>54,010,119</u>
Income before contributions and transfers	17,010,269
Capital contributions from federal grants	2,732,053
Interest income (expense)	(232,999)
Insurance proceeds	2,307,353
Litigation receipts (payments), net	(641,501)
Transfers out, Algiers	(2,444,671)
Total capital contributions	<u>1,720,235</u>
<b>Change in net assets</b>	<u>18,730,504</u>
<b>Net assets - beginning of year</b>	<u>243,581,361</u>
<b>Net assets - end of year</b>	<u><u>\$ 262,311,865</u></u>

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

**STATE OF LOUISIANA  
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011**

Cash flows from operating activities	
Cash received from customers	\$ 5,057,347
Cash payments to suppliers for goods and services	(19,628,573)
Cash payments to employees for services	(15,048,784)
Net cash used in operating activities	<u>(29,620,010)</u>
Cash flows from noncapital financing activities	
Receipts from taxpayers	39,927,505
Payments to Algiers Levee District	(2,444,671)
Litigation payments	(9,750)
Net cash provided by noncapital financing activities	<u>37,473,084</u>
Cash flows from capital and related financing activities	
Proceeds from federal and state grants	9,096,710
Payments of interest expense	(238,609)
Principal paid on bonds	(4,722,675)
Purchase of capital assets	(1,897,496)
Proceeds from sale of capital assets	20,863
Insurance proceeds	2,307,353
Net cash provided by capital and related financing activities	<u>4,566,146</u>
Cash flows from investing activities	
Purchase of investment securities	(5,897,715)
Proceeds from sale of investment securities	5,850,236
Interest income	217,993
Net cash provided by investing activities	<u>170,514</u>
Net increase in cash and cash equivalents	12,589,734
Cash and equivalents - beginning of year	<u>85,539,878</u>
Cash and equivalents - end of year	<u>\$ 98,129,612</u>
Reconciliation to Statement of Net Assets:	
Cash and cash equivalents	\$ 97,130,689
Restricted cash	<u>998,923</u>
Total cash and cash equivalents - end of year	<u>\$ 98,129,612</u>

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

STATE OF LOUISIANA  
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST  
STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2011

Reconciliation of operating loss to net cash used in operating activities:

Operating loss	\$ (36,999,850)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	5,745,578
Changes in assets and liabilities:	
Receivables, net	(230,409)
Inventories	(60,370)
Prepaid expenses and other assets	(288,803)
Accounts and other payables	658,701
Deferred revenue	(14,078)
Accrued compensated absences	14,126
Post employment benefit liability	<u>1,555,095</u>
Net cash used in operating activities	<u>\$ (29,620,010)</u>

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

**STATE OF LOUISIANA  
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

**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 of 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 status. 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 (SLFPAE). 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 parties, 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

**STATE OF LOUISIANA**  
**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**INTRODUCTION (CONTINUED)**

changes in state law approved by the citizenry on September 30, 2006. Significant non-flood facilities and improvements owned by the Orleans Levee District are managed and controlled by the 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 38330.1. 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, 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.

Act 1014 dated August 15, 2010 of the Louisiana Legislature created a Board to oversee the assets and operations of the Non-Flood Division of the Orleans Levee District while ownership of the assets remains with the OLD. The Non-Flood Protection Asset Management Authority Board consists of thirteen board members. Regular monthly meetings of the board are held at the Non-Flood location.

The financial statements of the SLFPA-E includes all of the organizations subjected 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 - oil 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.

**STATE OF LOUISIANA  
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO THE FINANCIAL STATEMENTS  
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**INTRODUCTION (CONTINUED)**

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

Ad 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.

**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 ACCOUNTING**

The Districts prepare their budgets in accordance with R.S. 38318. 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.

**STATE OF LOUISIANA  
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

**B. BUDGETARY ACCOUNTING (CONTINUED)**

The original budget for SLFPA-E, OLD, LBBLD, and EJLD were adopted on March 17, 2010. The amended general fund budgets for EJLD were adopted on March 17, 2011. The amended budget for SLFPA-E was adopted on June 16, 2011 along with the amended budget for Orleans. The budgeted amounts are included, respectively, as the original and find 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.

Revenues

The LBBLD's original budget called for a total of \$3,587,000 with no amendments to change original budget. The OLD's original budget called for a total of \$29,659,027. The amended budget provided for \$29,032,725. Actual results yielded an increase to \$30,267,983, mainly due to the receipt of additional oil and gas revenues, ad valorem taxes, and intergovernmental revenues. The EJLD's original budget called for a total of \$8,673,000 while the amended budget had revenues of \$9,109,500 with the majority of the variance due to the increase in intergovernmental revenues. Actual results yielded an increase of \$829,961 to \$9,939,461. The Authority's original budget called for a total of \$ 625,000, while the amended budget had revenues of \$1,220,699 with the majority of variance due to the increase in the intergovernmental revenues.

Expenditures

The LBBLD's original budget called for a total of \$5,729,900 with no amendments to change the original budget. The EJLD's original budget called for a total of \$11,818,462 while the amended budget had expenditures of \$8,652,459, with the majority of the variance due to major maintenance and other charges. Actual results yielded amounts comparable to the original budget, with the majority of the variance due to personnel expenses. The Authority's original budget called for a total of \$ 678,900 while the amended budget had expenditures of \$1,175,849, with the majority of the variance in an increase in the contractor services. The OLD's original budget called for a total of \$25,212,694 while the amended budget was decreased to \$24,597,503. Actual results yielded \$19,939,754, with the majority of the variance due to a decrease in materials and supplies 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.

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

**1. DEPOSITS WITH FINANCIAL INSTITUTIONS**

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

STATE OF LOUISIANA  
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO THE FINANCIAL STATEMENTS  
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**C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)**

Aggregate cash and cash equivalents by entity were as follows:

Authority	\$ 231,296
Orleans Levee District	69,426,062
East Jefferson Levee District	21,545,147
Lake Borgne Basin Levee District	<u>5,928,184</u>
Total	\$ 97,130,689

**Amounts deposited in banks**

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Money Market</u>	<u>Total</u>
Balance per agency books	29,220,848	2,299,862	5,504,190	37,024,900
Deposits in bank accounts per bank	29,220,848	2,299,862	5,504,190	37,024,900
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>	-	-	-	-

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. Understate low, 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, 2011, the Orleans District had invested \$69,988,169 with the Louisiana Asset Management Pool ("LAMP") on investment pod 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

**STATE OF LOUISIANA  
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO THE FINANCIAL STATEMENTS  
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2. INVESTMENTS (CONTINUED)

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 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 extend 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 IRS 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 oil investments by the 3 categories of risk. GASB Statement 40 requires only the separate disclosure of investment that is 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, 2011 the East Jefferson Levee District had \$7,808,233 in certificates of deposit and money market accounts.

**STATE OF LOUISIANA  
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO THE FINANCIAL STATEMENTS  
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**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.

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

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:

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.

Bridges/roadways	\$ 70,797,120
Parks/recreation	2,575,125
Buildings	1,823,094
Subtotal – other infrastructure assets	75,195,339
Flood protection systems	89,092,968
Total - infrastructure assets	<u>\$ 164,288,307</u>

Accumulated depreciation on infrastructure assets amounted to \$62,165,857 at year end

**STATE OF LOUISIANA**  
**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

**D. CAPITAL ASSETS (CONTINUED)**

Changes in capital assets for the year ended June 30, 2011 are shown on the following schedule:

	<u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2011</u>
Capital Assets, not being depreciated				
Land	\$ 36,103,167	-	-	\$ 36,103,167
Construction in Progress	25,748,401	3,692,204	(11,746,300)	17,694,305
Total capital assets not being depreciated	<u>61,851,568</u>	<u>3,692,204</u>	<u>(11,746,300)</u>	<u>53,797,472</u>
Capital assets, being depreciated				
Buildings	22,646,467	9,132,750	(51,147)	31,728,070
Improvements other than buildings	110,024,797	2,276,376	(483,568)	111,817,605
Equipment	12,957,982	487,025	(1,366,463)	12,078,544
Infrastructure	163,641,781	646,526	-	164,288,307
Total capital assets, being depreciated	<u>309,271,027</u>	<u>12,542,677</u>	<u>(1,901,178)</u>	<u>319,912,526</u>
Less accumulated depreciation for:				
Buildings	12,503,760	772,768	(3,694)	13,272,834
Improvements other than buildings	71,070,016	2,448,390	(483,568)	73,034,838
Equipment	9,543,610	871,830	(1,337,348)	9,078,092
Infrastructure	57,977,619	4,187,968	-	62,165,857
Total accumulated depreciation	<u>151,095,005</u>	<u>8,280,956</u>	<u>(1,824,610)</u>	<u>157,551,351</u>
Total capital assets, being depreciated, net	<u>158,176,022</u>	<u>4,261,721</u>	<u>(76,568)</u>	<u>162,361,175</u>
<b>Total entity</b>	<u>\$ 220,027,590</u>	<u>7,953,925</u>	<u>(11,822,868)</u>	<u>\$ 216,158,647</u>

Construction work in progress at year-end was \$17.7 million, compared with \$25.7 million a year ago, primarily related to roadways and enterprise fund/commercial assets the Flood protection systems was building at federal expense in the prior year.

**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.

**F. RESTRICTED ASSETS**

Restricted assets at June 30, 2011, shown on Statement A, amounted to \$998,923. Restricted assets consist of \$327,500 of cash with fiscal agents, and \$671,423 in cash set aside for legal settlement payments.

**G. COMPENSATED ABSENCES**

Employees earn and accumulate annual and sick leave of 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

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AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

**G. COMPENSATED ABSENCES (CONTINUED)**

the employee's hourly rate of pay of 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 2011 was \$946,110.

**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 employees are eligible to participate in the System. Benefits vest with ten years of service, at retirement age. Regular Members of LASERS hired on or before June 30, 2006 are entitled to annual benefits equal to 23% of their highest consecutive 36 months average salary multiplied by their years of credited service. Also, Regular Members hired before July 1, 1986 are entitled to an additional \$300.00 per year. Regular Members hired on or after July 1, 2006, are entitled to annual benefits equal to 23% of their highest successive 60 months average salary multiplied by their years of credited service.

Regular Members hired on or before June 30, 2006, may retire of (a) any age with thirty years of service, (b) age 55 with twenty-five years of service, or (c) age sixty with ten years of service. In addition, those members have the option of reduced benefits at any age with twenty years of service. Regular Members hired on or after July 1, 2006 may retire at age 60 with ten years of service. The System also provides a death and disability benefit. 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 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, 2011 was 22.0%. The contribution rates for fiscal years ended June 30, 2010 and 2009 were 18.6% and 18.3% respectively. The aggregate contribution to the System for the years ending June 30, 2011, 2010, and 2009 were \$1,773,909, \$1,492,051, and \$1,861,449, respectively, equal to the required contributions or each year.

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**I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

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 2011 for the 100 retirees totaled \$464,388. Employees hired January 1, 2010 or later, who are eligible for Medicare will not be eligible for the District's Health Insurance Plan.

**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 2010. The assumed investment rate of return used in the valuation is 4%.

Annual OPEB Cost: For 2010, the District's annual OPEB cost (expense) of \$1,585,732 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 2011 and the preceding year were as follows:

Normal Cost	\$ 350,888
30-year UAL amortization amount	1,234,844
Interest on the above	-
Annual required contribution (ARC)	<u>\$ 1,585,732</u>

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**I. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

The following table presents the Levee District's OPEB Obligation for the fiscal year 2010:

Beginning net OPEB obligation, July 1, 2010	\$ 3,377,433
Annual required contribution	1,585,732
Interest on net OPEB obligation	135,097
Adjustment to ARC	<u>(195,317)</u>
OPEB Cost	4,902,945
Contributions made (retiree cost)	<u>(464,388)</u>
 Change in net OPEB obligation	 <u>4,438,557</u>
 Ending net OPEB obligation, June 30, 2011	 <u>\$ 4,438,557</u>

Funded Status and Funding Progress: The funded status of the plan, as of June 30, 2011, was as follows:

Healthcare

Actuarial accrued liability (AAL)	\$ 21,144,096
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$ 21,144,096
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	6,096,378
UAAL as a percentage of covered payroll	347%

Life Insurance

Actuarial accrued liability (AAL)	\$ 1,208,825
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$ 1,208,825
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	6,096,378
UAAL as a percentage of covered payroll	20%

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

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**I. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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 June 30, 2011 actuarial valuation, the entry age actuarial cost method was used, the actuarial assumptions included 4% investment rate of return (net of administrative expenses). 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 June 30, 2011 was thirty 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)
7/1/2011	-	21,352,921	21,352,921	0%	6,096,378	350%
7/1/2010	-	21,352,921	21,352,921	0%	6,329,607	337%
7/1/2009	-	20,366,870	20,366,870	0%	6,132,840	332%

**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.

For employees hired January 1, 2010 or later, the employee will be responsible for the premium at age 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.

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**I. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

Lake Borgne Basin Levee District

**Post-employment Health Care and Life Insurance Benefits**

Plan Description: LBBLD employees may participate in the State's Other Post-employment Benefit Plan ("OPEB Plan"), an agent multiple-employer, defined benefit OPEB Plan (for FY 2011) 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](http://www.doa.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 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 2011 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 2011 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 2011. 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 Districts 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, 2011 is \$417,700 as set forth below.

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**I. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

Normal cost	\$ 225,300
30-year UAL amortization amount	192,400
Interest on the above	-
Annual required contribution (ARC)	<u>\$ 417,700</u>

The following table presents the Levee District's OPEB Obligation for the fiscal year 2011:

Beginning net OPEB obligation, July 1, 2010	\$ 1,765,531
Annual required contribution	417,700
Interest on net OPEB obligation	-
OPEB Cost	<u>2,183,231</u>
Contributions made (retiree cost)	<u>(60,438)</u>
Change in net OPEB obligation	<u>2,122,793</u>
Ending net OPEB obligation, June 30, 2011	<u>\$ 2,122,793</u>

The funded status of the plan as of June 30, 2011, was as follows:

Actuarial accrued liability (AAL)	\$ 4,660,700
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 4,660,700</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employees covered by the plan)	1,119,600
UAAL as a percentage of covered payroll	416%

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.

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 of 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 calculator.

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, 2011 was twenty nine years.

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**I. OTHER POSTEMPLOYMENT 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)
7/1/2011	-	4,660,700	4,660,700	0%	1,119,600	416%
7/1/2010	-	5,269,900	5,269,900	0%	1,363,755	386%
7/1/2009	-	7,292,600	7,292,600	0%	914,600	797%

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 2011 for the 21 retirees totaled \$40,011.

**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, \$54172 per month for retiree and spouse, \$517.09 for retiree and child, or \$738.70 for retiree and family coverage.

The District's annual required contribution ("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 2011. The assumed investment rate of return used in the valuation is 4%.

Annual OPEB Cost For 2011, the District's annual OPEB cost (expense) of \$184,209 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 2011 and the preceding year were as follows:

Normal cost	\$ 94,004
30-year UAL amortization amount	90,205
Interest on the above	-
Annual required contribution (ARC)	<u>\$ 184,209</u>

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**I. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

The following table presents the Levee District's OPEB Obligation for the fiscal year 2011:

Beginning net OPEB obligation, July 1, 2010	\$ 556,753
Annual required contribution	184,209
Interest on net OPEB obligation	16,800
Adjustment to ARC	<u>(24,289)</u>
OPEB Cost	733,473
Contributions made (retiree cost)	<u>(40,011)</u>
Change in net OPEB obligation	<u>693,462</u>
Ending net OPEB obligation, June 30, 2011	<u>\$ 693,462</u>

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2011, was as follows:

Actuarial accrued liability (AAL)	\$ 1,559,832
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$ 1,559,832
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	696,779
UAAL as a percentage of covered payroll	223%

**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)
6/30/2011	-	1,559,832	1,559,832	0%
6/30/2010	-	1,559,832	1,559,832	0%
6/30/2009	-	4,021,166	4,021,166	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 on 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.

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**I. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

Actuarial Methods and Assumptions: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events 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 post 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.

**J. LEASES-N/A**

1. OPERATING LEASES-N/A
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, 2011, the total cost of the land, buildings and improvements leased to others is \$148 million with \$683 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:	
2012	\$ 3,892,392
2013	2,747,065
2014	2,793,799
2015	2,793,800
2016	2,793,801
2017-2021	7,840,000
2022-2026	7,840,000
2027-2031	7,840,000
Remainder of term	7,840,000
Total	<u>\$ 46,380,857</u>

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**4. LESSOR -- OPERATING LEASES (CONTINUED)**

Current year rents amount to \$3.5 million. The amount derived from contingent rent increases was negligible. The amounts reported represent rents due on non-cancelable leases currently in effect.

**K. LONG-TERM OBLIGATIONS**

The schedule on the following page presents a summary of the long-term obligations and transactions for the year ended June 30, 2011:

<b>Governmental Activities:</b>	<b>June 30, 2010</b>	<b>Additions</b>	<b>Retirement</b>	<b>June 30, 2011</b>	<b>One Year</b>
Levee improvements					
Variable rate refunding bonds, series 1996	\$ 2,555,000	\$ -	\$ (455,000)	\$ 2,100,000	\$ 475,000
Total levee improvement bonds payable	2,555,000	-	(455,000)	2,100,000	475,000
Public improvement					
Variable rate refunding bonds, series 1996	1,190,000	-	(170,000)	1,020,000	180,000
Total public improvement bonds payable	1,190,000	-	(170,000)	1,020,000	180,000
Less:					
Unamortized issue costs	(15,474)	-	4,956	(10,518)	-
Unamortized loss on refunding	(11,786)	-	3,759	(8,027)	-
Net Public improvement bonds payable	1,162,740	-	(161,285)	1,001,455	180,000
Long term borrowing from State of Louisiana	26,125,671	-	-	26,125,671	-
Community disaster loans	10,636,293	-	(10,636,293)	-	-
Total bonds and notes payable	40,479,704	-	(11,252,578)	29,227,126	655,000
Compensated absences	813,238	222,793	(216,309)	819,722	130,351
Judgments	24,982,623	631,751	-	25,614,374	243,250
Post-employee benefit liability	5,191,319	1,395,928	-	6,587,247	-
<b>Government activity long-term liabilities</b>	<b>71,466,884</b>	<b>2,250,472</b>	<b>(11,468,887)</b>	<b>62,248,469</b>	<b>1,028,601</b>
<b>Business type activities</b>					
Compensated absences	118,746	8,306	(664)	126,388	41,399
Post-employment benefit liability	508,398	159,167	-	667,565	-
<b>Total long term obligations</b>	<b>\$72,094,028</b>	<b>\$2,417,495</b>	<b>\$(11,469,551)</b>	<b>\$ 63,042,422</b>	<b>\$1,070,000</b>

A detailed summary of bonded debt, by issue, of all debt outstanding at June 30, 2011, including outstanding interest of \$138,694, 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 Ad, 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.

**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 OLD executed a series of promissory notes under the CDL Program with the Federal Emergency Management Agency (FEMA), 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.

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

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 hurricane.

Amounts of the notes and respective interest rates are:

		<u>Date</u>	<u>Amount</u>	<u>Rate</u>
1.	1603LA57	6/21/2006	\$3,346,000	3.12%
2.	1603LA57A	8/27/2006	671,734	2.93%
3.	1603LA74A	9/10/2006	230,752	2.87%
4.	1603LA74B	8/27/2006	5,312,334	2.93%
			<u>\$9,560,820</u>	

In November 2010, FEMA approved a partial principal cancellation of \$5,675,167 including related interest of \$721,562. The remaining amount, including \$3,885,653 of principal and \$541,488 of interest, was paid on June 30, 2011. There was no outstanding balance on the loans as of June 30, 2011.

**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 Hurricane 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.

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, 2011 is \$26,125,671.

**L. CONTINGENT LIABILITIES**

Orleans Levee District

Bohemia Spillway Litigation:

**STATE OF LOUISIANA  
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

**L. CONTINGENT LIABILITIES (CONTINUED)**

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 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, \$100,000 on March 20, 2008, and \$100,000 on March 26, 2010.

During fiscal year 2007, plaintiffs in the class 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 commissioner, 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.

Included in the liability for judgments and legal claims payable as of June 30, 2011 is \$1.74 million related to two judgments rendered by the district court on June 2, 2011. On June 21, 2011, the District filed a motion for suspensive appeal.

Also included in the judgments and legal claims payable as of June 30, 2011 is a \$3.8 million provision for claims of Bohemia plaintiffs who opted out of the *Haspel Davis* Class action lawsuit.

**STATE OF LOUISIANA  
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

**L. CONTINGENT LIABILITIES (CONTINUED)**

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 of these assets.

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

**Other Litigation:**

At June 30, 2011, the District was a defendant or co-defendant in multiple lawsuits in addition to those relating to Hurricane Katrina. Numerous class action lawsuits have been filed in connection with Hurricane Katrina, which are being handled through the District's general and excess liability insurer. A motion has been granted by the district judge to settle this litigation for the amount of insurance coverage. This ruling is being appealed to the Fifth Circuit Court of Appeals by some of the plaintiffs.

In August 2010, the District reached a tentative settlement with a fixed base operator at Lakefront Airport providing that the District will grant the operator an abatement and release of past due rent and other charges assessable under its lease totaling \$473,000: an abatement of the rent on one of two hangars leased by the operator until repairs are completed; and a rent credit in the amount of \$500,000, which will be credited in the amount of \$100,000 per year over a five year term, commencing August 1, 2011

**Lake Borgne Basin Levee District**

The LBBLD 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.

The LBBLD 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 LBBLD's a defendant in two lawsuits 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 million in each case in the event of an unfavorable outcome.

**STATE OF LOUISIANA  
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

**L. CONTINGENT LIABILITIES (CONTINUED)**

East Jefferson Levee District

The EJLD 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.

As reflected in the Combined Statement of Net Assets, estimated liabilities relating to the above-described judgments and legal claims payable totaled \$25,027,592 of June 30, 2011. The increase in estimated liabilities payable in the current fiscal year was \$44,969 and is included in the Combined Statement of Activities.

**M. RELATED PARTY TRANSACTIONS - N/A**

**N. ACCOUNTING CHANGES - N/A**

**O. IN-KIND CONTRIBUTIONS**

**P. DEFEASED ISSUES-N/A**

**Q. REVENUES – PLEDGED OR SOLD-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**

**U. DISAGGREGATION OF RECEIVABLE BALANCES**

The following page displays the June 30, 2011 balances in receivables by each district's governmental activities:

	<u>SLFPA-E</u>	<u>OLD</u>	<u>EJLD</u>	<u>I.BBLD</u>	<u>Authority</u>
Ad Valorem Taxes	\$ -	\$ 1,320,098	\$ -	\$ 19,463	\$ 1,339,561
Governmental	391,150	2,966,312	2,519,878	391,003	6,268,343
Customers and other, net of allowance for doubtful accounts	-	474,152	1,691	-	475,843
	<u>\$ 391,150</u>	<u>\$ 4,760,562</u>	<u>\$ 2,521,569</u>	<u>\$ 410,466</u>	<u>\$ 8,083,747</u>

STATE OF LOUISIANA  
 SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
 NOTES TO THE FINANCIAL STATEMENTS  
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**U. DISAGGREGATION OF RECEIVABLE BALANCES (CONTINUED)**

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

**V. DISAGGREGATION OF PAYABLE BALANCES**

Payables at June 30, 2011, were as follows:

	<u>SLFPA-E</u>	<u>OLD</u>	<u>EJLD</u>	<u>LBBLD</u>	<u>Authority</u>
Vendors and Employees	\$ 291,560	\$ 1,406,071	\$ 1,299,784	\$ 113,971	\$ 3,111,386
Contracts Payable	-	305,777	-	-	305,777
Other Governments	-	31,609	2,192,000	68,987	2,292,596
	<u>\$ 291,560</u>	<u>\$ 1,743,457</u>	<u>\$ 3,491,784</u>	<u>\$ 182,958</u>	<u>\$ 5,709,759</u>

All amounts are payable within one year

**W. SUBSEQUENT EVENT**

**Act 363 of the 2011 Louisiana Legislature**

Act 363 dated June 29, 2011 of the Louisiana Legislature requires the OLD Flood Division to pay \$700,000 to OLD Non-Flood Protection Asset Management Authority on or before the thirtieth day of July beginning in the year 2011 and on or before the fifteenth day of April thereafter to be sued for the operation and maintenance of Lakeshore Drive expiring on December 31, 2012. Act 363 also notes sufficient funds shall be allocated for the purpose of maintaining an Orleans Levee District police force to be made up of not less than twenty-four police officers who shall provide security for Lakeshore Drive and other flood assets located within the jurisdiction of the Orleans Levee District. The Orleans Levee District police force will begin the transferring process from OLD Non-Flood Protection Asset Management Authority to the OLD Flood Division on July 1, 2011.

**X. SEGMENT INFORMATION - N/A**

**Y. DUE TO/DUE FROM AND TRANSFERS - ORLEANS LEVEE DISTRICT**

The following is a 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).

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SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
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**Y. DUE TO/DUE FROM AND TRANSFERS - ORLEANS LEVEE DISTRICT (CONTINUED)**

**Flood Control General Fund Due To's and From's Non Flood Division**

Due from Real Estate Admin Fund	\$	7,200,890
Due from South Shore Harbor		3,754,563
Due from LVCC		1,527
Due to Non-flood Gen'l Improve Fund		(303,227)
Due to SLIP Fund		(69,323)
Due to Orleans Mariana		(776,666)
Due to Other Fund		(16,091)
Due to Lakefront Airport		(2,877,394)
<b>Net Flood Control Due From (to) Real Estate Division</b>	<b>\$</b>	<b>6,914,279</b>

**Real Estate (Non-Flood Division)**

Administrative Fund

Due from General Improvement Fund	\$	3,258,003
Due from Airport		2,637,079
Subtotal due from		5,895,082

Due to Lake Vista Community Center		(96,070)
Due to Orleans Marian		(2,129,439)
Due to South Shore Harbor		(6,007,290)
Due to New Basin Canal		(3,090,966)
South Shore Harbor due to Orleans Marina		28,374
Subtotal due to		(11,352,139)

Lake Vista Community Center due from Admin		96,070
Orleans Marian due from Admin		2,129,439
South Shore Harbor due from Admin		6,007,290
New Basin Canal due from Admin		3,090,966
Orleans Marina due from South Shore Harbor		28,374
Subtotal due from		11,352,139

General Improvement Fund due to Admin		(3,258,003)
Airport due to Admin		(2,637,079)
Subtotal due from		(5,895,082)

<b>Net due to/from, Non-Flood Funds within divisions</b>	<b>\$</b>	<b>-</b>
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STATE OF LOUISIANA  
 SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
 NOTES TO THE FINANCIAL STATEMENTS  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

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

**Real Estate non Flood Division's due (to's) from's the Flood Control Division**

Admin Fund due to Flood Division General Fund	(7,184,496)
Airport Fund due from Flood Control Fund	2,877,087
Orleans Marina due from Flood Division	776,666
South Shore Harbor due to Flood Division	(3,754,563)
LVCC due to Flood Division	(1,523)
SLIP Fund due to Flood Division	69,323
General Improvement Fund due from Flood Control	303,227
<b>Net amount due to Flood Control</b>	<b>\$ (6,914,279)</b>

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.

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

**OPERATING TRANSFERS AMONG THE FUNDS OF THE DISTRICT**

Debt Service Fund from the Special Levee Improvement:

SLIP Fund	\$	518,134	\$	-
Debt Service Fund from the General Fund		4,627,301		-
		5,145,435		-

Special Levee Improvement Projects Fund to the Debt Service Fund:

Service Fund	-	518,134		-
From the General Fund to the Debt Service Fund		4,627,301		-
		-		5,145,435
<b>Total</b>	<b>\$</b>	<b>5,145,435</b>	<b>\$</b>	<b>5,145,435</b>

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.

**STATE OF LOUISIANA  
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

**Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS**

Liabilities payable from restricted assets at June 30, 2011, include bonds and interest payable (\$327,500), and judgments & contingencies payable (\$671,423).

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

**BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB 46) - N/A**

**CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES - N/A .**

**DD. EMPLOYEE TERMINATION BENEFITS - N/A**

**EE. POLLUTION REMEDIATION OBLIGATIONS - N/A**

**FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) - N/A**

**STATE OF LOUISIANA  
SOUTHEAST LOUISIANAN FLOOD PROTECTION AUTHORITY – EAST  
FOR THE YEAR ENDED 30, 2011**

**SCHEDULE OF PER DIEM PAID TO AUTHORITY 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 are as follows:

Timothy P. Doody	\$ 4,511
Stephen Estopinal	4,107
John M. Barry	4,082
George Losonsky	2,572
David P. Barnes, Jr.	3,730
Thomas I. Jackson	3,703
Louis E. Wittie	4,107
Ricardo Pineda	<u>1,764</u>
	<u>\$ 28,576</u>

**Orleans Levee District – Non-Flood Protection Asset Management Authority Members are as follows:**

Romona Theresa Baudy	\$ 0
Michael Bridges	0
Stanley P. Brien	0
Pearl M. Cantrelle	0
Patrick D. DeRouen, Esq.	0
Carlton Dufrechou	0
Greg Ernst	0
Lambert J. Hassinger, Jr.	0
Wilma Heaton	0
William Hoffman	0
Robert E. Smith Lupo	0
Darrel Saizan	0
John B. Trask	0
	<u>\$ 0</u>

**STATE OF LOUISIANA  
SOUTHEAST LOUISIANAN FLOOD PROTECTION AUTHORITY – EAST  
FOR THE YEAR ENDED 30, 2011**

**SCHEDULE OF STATE FUNDING**

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



STATE OF LOUISIANA  
 SOUTHEAST LOUISIANAN FLOOD PROTECTION AUTHORITY – EAST  
 FOR THE YEAR ENDED 30, 2011

SCHEDULE OF NOTES PAYABLE

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/10	Redeemed (Issued)	Principal Outstanding 6/30/11	Interest Rates	Interest Outstanding 6/30/11
<u>1603LA57</u>	<u>6/21/2006</u>	<u>3,346,000</u>	<u>3,346,000</u>	<u>(3,346,000)</u>	<u>0</u>	<u>3.12%</u>	<u>0</u>
<u>1603LA57A</u>	<u>8/27/2006</u>	<u>671,734</u>	<u>671,734</u>	<u>(617,734)</u>	<u>0</u>	<u>2.93%</u>	<u>0</u>
<u>1603LA74A</u>	<u>9/10/2006</u>	<u>230,752</u>	<u>230,752</u>	<u>(230,753)</u>	<u>0</u>	<u>2.87%</u>	<u>0</u>
<u>1603LA74B</u>	<u>8/27/2006</u>	<u>5,312,334</u>	<u>5,312,334</u>	<u>(5,312,334)</u>	<u>0</u>	<u>2.93%</u>	<u>0</u>
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
<b>TOTAL</b>		<u>\$ 9,560,820</u>	<u>\$ 9,560,820</u>	<u>\$(9,560,820)</u>	<u>\$ 0</u>		<u>\$ 0</u>

**STATE OF LOUISIANA  
SOUTHEAST LOUISIANAN FLOOD PROTECTION AUTHORITY – EAST  
FOR THE YEAR ENDED 30, 2011**

**SCHEDULE OF BONDS PAYABLE**

<u>Date of Issue</u>	<u>Original Issue</u>	<u>Principal Outstanding 6/30/10</u>	<u>Redeemed (Issued)</u>	<u>Principal Outstanding 6/30/10</u>	<u>Interest Rates</u>	<u>Interest Outstanding 6/30/11</u>
10/29/1996	\$2,795,000	\$ 1,190,000	\$(170,000)	\$1,020,000	2.54%	\$ 52,698
10/29/1996	<u>6,775,000</u>	<u>2,555,000</u>	<u>(455,000)</u>	<u>2,100,000</u>	2.54%	<u>85,996</u>
<b>TOTAL</b>	<u>\$ 9,570,000</u>	<u>\$ 3,745,000</u>	<u>\$ (625,000)</u>	<u>\$ 3,120,000</u>		<u>\$138,694</u>

STATE OF LOUISIANA  
 SOUTHEAST LOUISIANAN FLOOD PROTECTION AUTHORITY – EAST  
 FOR THE YEAR ENDED 30, 2011

SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
<u>2005</u>	_____	_____
<u>2006</u>	_____	_____
<u>2007</u>	_____	_____
<u>2008</u>	_____	_____
<u>2009</u>	_____	_____
<u>2010-2014</u>	_____	_____
<u>2015-2019</u>	_____	_____
<u>2020-2024</u>	_____	_____
<u>2025-2029</u>	_____	_____
<hr/>		
<b><u>TOTAL</u></b>	<b><u>\$ NONE</u></b>	<b><u>\$ NONE</u></b>

STATE OF LOUISIANA  
 SOUTHEAST LOUISIANAN FLOOD PROTECTION AUTHORITY – EAST  
 FOR THE YEAR ENDED 30, 2011

**SCHEDULE OF CAPITAL LEASE AMORTIZATION**

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

**STATE OF LOUISIANA  
SOUTHEAST LOUISIANAN FLOOD PROTECTION AUTHORITY – EAST  
FOR THE YEAR ENDED 30, 2011**

**SCHEDULE OF NOTES PAYABLE AMORTIZATION**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
<u>2012</u>	\$ -	\$ 606,116
<u>2013</u>	1,243,901	1,183,373
<u>2014</u>	1,301,618	1,124,317
<u>2015</u>	1,362,013	1,062,520
<u>2016</u>	1,425,210	997,857
<u>2017-2021</u>	8,181,542	3,909,306
<u>2022-2026</u>	10,264,168	1,778,362
<u>2027-2031</u>	2,347,219	54,455
<u>TOTAL</u>	\$ 26,125,671	\$ 10,716,306

**STATE OF LOUISIANA  
SOUTHEAST LOUISIANAN FLOOD PROTECTION AUTHORITY – EAST  
FOR THE YEAR ENDED 30, 2011**

**SCHEDULE OF BONDS PAYABLE AMORTIZATION**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
<u>2012</u>	<u>\$ 655,000</u>	<u>\$ 55,012</u>
<u>2013</u>	<u>700,000</u>	<u>41,668</u>
<u>2014</u>	<u>745,000</u>	<u>27,435</u>
<u>2015</u>	<u>790,000</u>	<u>12,313</u>
<u>2016</u>	<u>230,000</u>	<u>2,266</u>
<u>2017</u>	<u>_____</u>	<u>_____</u>
<u>2018</u>	<u>_____</u>	<u>_____</u>
<u>2019</u>	<u>_____</u>	<u>_____</u>
<u>2020</u>	<u>_____</u>	<u>_____</u>
<u>2021</u>	<u>_____</u>	<u>_____</u>
<u>2022</u>	<u>_____</u>	<u>_____</u>
<u>2023</u>	<u>_____</u>	<u>_____</u>
<u>2024</u>	<u>_____</u>	<u>_____</u>
<u>2025</u>	<u>_____</u>	<u>_____</u>
<u>2026</u>	<u>_____</u>	<u>_____</u>
<u>2027</u>	<u>_____</u>	<u>_____</u>
<u>2028</u>	<u>_____</u>	<u>_____</u>
<u>2029</u>	<u>_____</u>	<u>_____</u>
<u>2030</u>	<u>_____</u>	<u>_____</u>
<u>2031</u>	<u>_____</u>	<u>_____</u>
<u>2032</u>	<u>_____</u>	<u>_____</u>
<u>2033</u>	<u>_____</u>	<u>_____</u>
<b>TOTAL</b>	<b>\$ 3,120,000</b>	<b>\$ 138,694</b>

**STATE OF LOUISIANA  
SOUTHEAST LOUISIANAN FLOOD PROTECTION AUTHORITY – EAST  
FOR THE YEAR ENDED 30, 2011**

**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. (The figures below are in thousands.)

	<u>2011</u>	<u>2010</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	64,053	65,658	(1,605)	-2.44%
Expenses	44,377	43,946	431	0.98%
2) Capital assets	216,159	220,028	(3,869)	-1.76%
Long-term debt	58,706	68,044	(9,338)	-13.72%
Net assets	266,233	243,581	22,652	9.3%

Revenues declined as federal grant income and miscellaneous income declined from prior year by \$5.7 and \$1.7, respectively. While tax revenue rose by \$1.7 million.

Capital assets declined by about \$3.8 million due primarily to an increase in accumulated depreciation by \$4.0 million.

Long-term debt declined in response to OLD paying off of their Community Disaster Loan early for approximately \$9.0 million which includes loan forgiveness by FEMA approximately \$6.0 million.

Net Assets increased by approximately \$22.7 million. The primary reason is due to Orleans Levee District Flood Division receiving \$6.0 million in FEMA loan forgiveness and a surplus for the Special Levee Improvement Fund, reflecting the continued capitalization of construction costs and a lower than usual level of spending due to USACE spending in place of Local Sponsor spending.

**SOUTHEAST LOUISIANA FLOOD  
PROTECTION AUTHORITY – EAST**

**SINGLE AUDIT REPORT**

**JUNE 30, 2011**

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# Silva Gurtner & Abney

Certified Public Accountants & Consultants

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**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**

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

We have audited the 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, 2011 and have issued our report thereon dated September 8, 2011. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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### 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*.

We noted certain matters that we reported to the management of the Authority in a separate letter dated September 8, 2011.

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.

*Silva, Gurtner & Abney, LLC*

September 8, 2011



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## 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

Board of Commissioners  
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 *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2011. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

### 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

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over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 over compliance that might be deficiencies, 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.

#### 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, 2011, and have issued our report thereon dated September 8, 2011, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements taken as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements 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.

*Silva, Gartner & Abney, LLC*

September 8, 2011

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Housing &amp; Urban Development:</u></b>			
Passed through State of Louisiana, Division of Administration, Office of Community Development – Disaster Recovery Unit: Community Development Block Grants	14.228	677085 697572	\$ 447,882
<b><u>Federal Aviation Administration:</u></b>			
Direct Awards: Airport Improvement Program	21.106	3-22-0038-022-2008	120,066
<b><u>U.S. Department of Homeland Security:</u></b>			
Passed through State of Louisiana, Governor’s Office of Homeland Security and Emergency Preparedness: Disaster Grants – Public Assistance	97.036	FEMA-1603-DR-LA	<u>3,975,743</u>
Total Expenditures of Federal Awards			<u>\$ 4,543,691</u>

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, 2011**

**(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, 2011. 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, 2011.

**(3) LOANS PAYABLE TO FEDERAL AGENCY**

The Authority received a Special Community Disaster Loan (the "Loan") from the Federal Emergency Management Agency (FEMA) in September 2001 in the amount of \$9,560,820. FEMA approved a partial principal cancellation of \$5,675,167 and related interest of \$721,562. The remaining amount, including \$3,885,653 of principal and \$541,488 of interest, was paid on June 30, 2011. There was no outstanding balance on the Loan as of June 30, 2011.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**SECTION I - 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 is 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 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.
4. No material weakness relating to the audit of the major federal programs is 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 auditors' report on compliance for the major federal 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, 2011.
8. The programs tested as major programs are:

<i>Community Development Block Grants</i>	14.228
<i>Disaster Grants – Public Assistance</i>	97.036
9. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
10. The auditee did qualify as a low-risk auditee under Section 530 of OMB Circular A-133.

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

There were no findings related to the financial statement audit.

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

There were no findings related to the major federal programs.

**SOUTHEAST LOUISIANA FLOOD  
PROTECTION AUTHORITY – EAST**

**MEMORANDUM OF ADVISORY COMMENTS**

**FOR THE YEAR ENDED JUNE 30, 2011**

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# Silva Gurtner & Abney

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September 8, 2011

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") for the year ended June 30, 2011 and have issued our report thereon dated September 8, 2011. As part of our audit, we considered the Authority's 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 matters that represent opportunities for strengthening internal control and operating efficiency with relation to the Authority. The memorandum that accompanies this letter summarizes our observations and recommendations regarding these matters.

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

Sincerely,

*Silva, Gurtner & Abney, LLC*

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**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
OBSERVATIONS, RECOMMENDATIONS, AND  
CORRECTIVE ACTION PLANS  
JUNE 30, 2011**

**1. Accruals of Accounts Payable at Year End**

Observation:

Due to the timing of when the trial balances are prepared, there were a number of payables that required accrual after the trial balances were received by the auditors. Reasonable estimates on these accrued expenses were not made at year end.

Recommendation:

The Authority should make a reasonable effort to review open contracts to determine if there are any outstanding invoices that would require accrual and at a minimum, obtain a reasonable estimate from the vendor of the amount of expenses that should be accrued. Once the actual invoice is obtained, an adjustment should be made for any differences when compared to the estimate.

Corrective Action Plan:

The Authority believes that detective controls are in place that would have caught any unrecorded payables and that this recommendation primarily cures a timing issue. As such, the Authority has put into place procedures to assure that all material payables will be timely recorded.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
OBSERVATIONS, RECOMMENDATIONS, AND  
CORRECTIVE ACTION PLANS  
JUNE 30, 2011**

**1. Summary Schedule of Grants**

Observation:

Federal and State grant funds should be tracked outside of the Louisiana Public Assistance system.

Recommendation:

The Authority should monitor Federal and State grants in a summary schedule noting Catalogue of Federal Domestic Assistance (CFDA) numbers, awarded amounts, terms, expenses, revenue receipts, remaining award balances, reporting requirements, and any restrictions. This schedule will help the Authority track the various components of their grants.

Corrective Action Plan:

The Authority agrees with the recommendation about maintaining a single schedule or equivalent system that tracks all relevant components of all grants, including award amount, receipts, expenditures, reporting requirements and restrictions, and will begin the process immediately.

Current Status:

Resolved. The Authority has engaged a firm to provide project management services that will track Federal and State grants by the Catalogue of Federal Domestic Assistance (CFDA) numbers, awarded amounts, expenses, revenue receipts, remaining award balances, and reporting requirements.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST  
OBSERVATIONS, RECOMMENDATIONS, AND  
CORRECTIVE ACTION PLANS  
JUNE 30, 2011**

**2. Transferring Grant Funds**

Observation:

East Jefferson Levee District records its grant revenue using separate cash accounts. The prior auditor understands this situation exists in an effort to keep grant activity separate from the District's normal operations. Throughout the year expenses were paid out of the main operating account to finance Federal grant projects. The grant revenues, which are maintained in a separate bank account, were not utilized to finance their respective projects. As a result, the grant revenues are generating interest, which must be returned to the State upon completion of the project.

Recommendation:

The District should continue to maintain grant revenues separately from their operating cash account, but expenses related to these grants should be paid from the same account. If it is the District's policy to make disbursements from their main operating account, then the operating account should be immediately reimbursed by the grant account. The funds designated for grant projects should be transferred into the main operating account as the project expenses are incurred. The District will earn interest on the funds transferred into the operating account and avoid incurring interest that has to be paid back to the State.

Corrective Action Plan:

In the future, as each check is written from the operating account for expenses incurred, a transfer will be made from the grant account to the operating account.

Current Status:

Resolved. This separate account is no longer open and all the funds have been expended. It was closed and the appropriate amount of interest that had incurred was reimbursed to the State of Louisiana. East Jefferson no longer uses separate checking accounts for grant funding primarily due to all grants being on a reimbursement method.