

2004

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
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 02 2011**

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
TABLE OF CONTENTS
JUNE 30, 2011**

	<u>EXHIBIT</u>	<u>SCHEDULE</u>	<u>PAGE</u>
Independent Auditors' Report	-	-	1-2
Management's Discussion and Analysis	-	-	3-7
Basic Financial Statements:	-	-	8
Statement of Net Assets	A	-	9
Statement of Activities	B	-	10
Balance Sheet – Governmental Fund	C	-	11
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	D	-	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	E	-	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	F	-	14
Notes to the Financial Statements	-	-	15-26
Supplemental Schedules:	-	-	27
Schedule of Per Diem Paid Board Members	-	1	28
Schedule of State Funding	-	2	29
Schedule of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds – Budget (GAAP) Basis and Actual	-	3	30

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
TABLE OF CONTENTS
JUNE 30, 2011**

	<u>EXHIBIT</u>	<u>SCHEDULE</u>	<u>PAGE</u>
Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	-	4	31-32
Schedule of Findings and Questioned Costs	-	5	33-34
Summary Schedule of Prior Year Findings and Questioned Costs	-	6	34
Division of Administration Reporting Package	-	-	-
Affadavit	-	-	-
Balance Sheet	-	A	
Statement of Revenues, Expenses, and Changes in Fund Net Assets	-	B	
Statement of Activities	-	C	
Statement of Cash Flows	-	D	
Notes to Financial Statements	-	-	
A. Summary of Significant Accounting Policies			
B. Budgetary Accounting			
C. Deposits with Financial Institutions and Investments			
D. Capital Assets			
E. Inventories			
F. Restricted Assets			
G. Leave			
H. Retirement System			
I. Other Post Employment Benefits (OPEB)			
J. Leases			
K. Long-term Liabilities			
L. Contingent Liabilities			
M. Related Party Transactions			
N. Accounting Changes			
O. In-Kind Contributions			
P. Defeased Issues			
Q. Revenues – Pledged and Sold			
R. Government-Mandated Nonexchange Transactions (Grants)			
S. Violations of Finance-Related, Legal, or Contractual Provisions			
T. Short-Term Debt			

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
TABLE OF CONTENTS
JUNE 30, 2011**

- U. Disaggregation of Receivable Balances
- V. Disaggregation of Payable Balances
- W. Subsequent Events
- X. Segment Information
- Y. *Due to/Due from and Transfers*
- Z. Liabilities Payable from Restricted Assets
- AA. Prior-Year Restatement of Net Assets
- BB. Net Assets Restricted by Enabling Legislation (GASB 48)
- CC. Impairment of Capital Assets
- DD. Employee Termination Benefits
- EE. Pollution Remediation Obligations
- FF. American Recovery and Reinvestment Act (ARRA)

Schedules

- 1 Schedule of Per Diem Paid to Board Members
- 2 Not Applicable
- 3 Schedules of Long-Term Debt
- 4 Schedules of Long-Term Debt Amortization
- 5 Schedule of Current Year Revenue and Expenses – Budgetary Comparison of Current Appropriation – Non-GAAP Basis
- 15 Schedule of Comparison Figures and Instructions
- 16 Schedule of Cooperative Endeavors

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Board of Commissioners
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Shreveport, Louisiana

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities and major fund of the Caddo Levee District (the District), a component unit of the State of Louisiana, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Caddo Levee District as of June 30, 2011, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance *Government Auditing Standards*, we have also issued our report dated August 8, 2011, on our consideration of the Caddo Levee District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of the audit.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other supplementary information on pages 5 through 9 and 28 through 36 be 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 responses 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 financial statements that collectively comprise the Caddo Levee District's financial statements as a whole. The accompanying supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applies in that 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 taken as a whole.

Baxley & Associates, LLC

Baxley & Associates, LLC
August 8, 2011

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

The Management's Discussion and Analysis of the Caddo Levee District's financial performance presents a narrative overview and analysis of the Board's financial activities for the year ended June 30, 2011. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the Caddo Levee District's financial statements.

FINANCIAL HIGHLIGHTS

- ★ The Caddo Levee District's assets exceeded its liabilities at the close of the fiscal year 2011 by \$30,666,967, which represents a 14% increase from last fiscal year.
- ★ The Caddo Levee District's revenue increased \$2,262,857 (or 64%) and the net results from activities increased by 2,079,408 (or 120%).

OVERVIEW OF FINANCIAL STATEMENTS

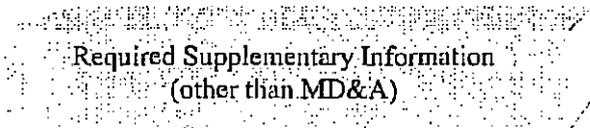
The following graphic illustrates the minimum requirements for the Caddo Levee District established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*.



Management's Discussion and Analysis



Basic Financial Statements



Required Supplementary Information
(other than MD&A)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

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 annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities on pages 9-10 provide information about the activities of the Caddo Levee District as a whole and present a longer-term view of the District's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

Fund financial statements start on page 11. All of the District's basic services are reported in governmental funds, which focus on how much money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's activities as well as what remains for future spending.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

FINANCIAL ANALYSIS OF THE BOARD

Statement of Net Assets
as of June 30, 2011

	Total	
	2011	2010
Current assets	\$ 8,621,985	\$ 22,995,234
Restricted assets	18,000,000	\$ -
Capital assets, net	4,574,786	4,286,424
Total Assets	31,196,771	27,281,658
Current liabilities	70,526	70,659
Compensated absences payable	67,798	60,401
Other post employment benefits	391,480	300,743
Total Liabilities	529,804	431,803
Net Assets:		
Invested in capital assets	4,574,786	4,286,424
Restricted for:		
Capital outlay	11,000,000	-
Flood fight contingencies	7,000,000	-
Unrestricted	8,092,181	22,563,431
Total Net Assets	30,666,967	26,849,855
Total Liabilities and Net Assets	\$ 31,196,771	\$ 27,281,658

Net assets of the Caddo Levee District increased from the prior year by \$3,817,112 or 14%.

Statement of Activities
For the Year Ended June 30, 2011

	Total	
	2011	2010
General government		
Expenses	\$ (1,992,759)	\$ (1,809,310)
Program revenues		
Operating grants and contributions	-	-
Subtotal	(1,992,759)	(1,809,310)
General Revenues	5,809,871	3,547,014
Change in net assets	\$ 3,817,112	\$ 1,737,704

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year ended June 30, 2011, the Caddo Levee District had had \$4,574,786 invested in a broad range of capital assets (See table below). This amount represents a net increase (including additions and deductions) of \$288,362, or 7%, over last year.

	Capital Assets at Year-End (Net of Depreciation)	
	<u>2011</u>	<u>2010</u>
Land	\$ 1,706,985	\$ 1,706,985
Buildings and improvements	1,489,418	1,484,596
Automobiles and equipment	<u>1,378,383</u>	<u>1,094,843</u>
Totals	<u><u>\$ 4,574,786</u></u>	<u><u>\$ 4,286,424</u></u>

The year's major additions included:

Automobiles and equipment	\$ 481,989
Buildings and improvements	\$ 41,558

This year's major retirements included:

Automobiles and equipment	\$ 221,677
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Debt

The Caddo Levee District had \$459,278 in long-term liabilities outstanding at year end compared to \$361,144 at the previous year. Caddo Levee District adopted Governmental Accounting Standards Board (GASB) Statement 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*, which requires the recording of an other post employment benefit (OPEB) liability.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Outstanding Debt at Year-end

	2011	2010
Compensated absences payable	\$ 67,798	\$ 60,402
OPEB payable	391,480	300,743
Due within period of availability - recorded in accounts payable	-	-
Total long-term liabilities, government-wide statements	<u>\$ 459,278</u>	<u>\$ 361,145</u>

More detailed information about the debt is presented in Note H and Note J to the financial statements.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Actual revenues were \$4,313,679 more than budgeted amounts due to an increase in taxable property in the District and higher than expected royalties and leases during the year.

Actual expenditures were \$19,987,966 less than budgeted amounts due to the District not using the amounts budgeted for emergency construction and repairs to the levee system.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

CONTACTING THE CADDO LEVEE DISTRICT'S MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

EXHIBIT A

STATE OF LOUISIANA
CADDO LEVEE DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

ASSETS

Current Assets

Cash and cash equivalents	\$ 8,328,517
Accounts receivable	288,850
Prepaid expenses	4,618
Total current assets	<u>8,621,985</u>

Restricted Assets

Cash and cash equivalents	6,000,000
Investments	12,000,000
Total restricted assets	<u>18,000,000</u>

Noncurrent Assets

Capital assets, net of accumulated depreciation:	
Land	1,706,985
Buildings and improvements	1,489,419
Automobiles and equipment	1,378,382
Total capital assets, net	<u>4,574,786</u>

TOTAL ASSETS**\$ 31,196,771****LIABILITIES AND NET ASSETS**

Current Liabilities

Accounts payable and accrued expenses	\$ 4,758
Deferred revenues	65,768
Current portion of long-term liabilities:	
Compensated absences	26,395
Total current liabilities	<u>96,921</u>

Long-term Liabilities -

Compensated absences	41,403
OPEB payable	391,480
Total long-term liabilities	<u>432,883</u>

Total liabilities

529,804

Net Assets

Invested in capital assets	4,574,786
Restricted for	
Capital outlay	11,000,000
Flood fight contingencies	7,000,000
Unrestricted	8,092,181
Total net assets	<u>30,666,967</u>

TOTAL LIABILITIES AND NET ASSETS**\$ 31,196,771**

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

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
General Government					
Personal services	\$ 1,018,460	\$ -	\$ -	\$ -	\$ (1,018,460)
Travel	8,968	-	-	-	(8,968)
Operating services	616,619	-	-	-	(616,619)
Supplies	42,344	-	-	-	(42,344)
Professional services	74,918	-	-	-	(74,918)
Depreciation	231,450	-	-	-	(231,450)
Total General Government	<u>\$ 1,992,759</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,992,759)</u>
General Revenues:					
Taxes					976,555
State revenue sharing					29,942
Interest income					161,604
Royalties and surface leases					3,188,109
Sale of timber					40,218
Gain or sale on disposal of fixed assets					46,193
Miscellaneous					1,367,250
Total General Revenues					<u>5,809,871</u>
CHANGE IN NET ASSETS					3,817,112
NET ASSETS, BEGINNING OF YEAR					<u>26,849,855</u>
NET ASSETS, END OF YEAR					<u>\$ 30,666,967</u>

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

STATE OF LOUISIANA
CADDO LEVEE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

ASSETS	
Cash and cash equivalents	\$ 8,328,517
Restricted asset - cash and cash equivalents	6,000,000
Restricted asset - investments	12,000,000
Accounts receivable	<u>288,850</u>
TOTAL ASSETS	<u>26,617,367</u>
 LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable and accrued expenses	\$ 4,758
Deferred revenues	65,768
Total Liabilities	<u>70,526</u>
Fund Balances	
Committed to:	
Capital outlay	11,000,000
Flood fight contingencies	7,000,000
Unassigned	8,546,841
Total Fund Balance	<u>26,546,841</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 26,617,367</u>

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

STATE OF LOUISIANA
 CADDO LEVEE DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2011

Total Fund Balances for Governmental Funds (Exhibit C)	\$	26,546,841
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Total net assets reported for governmental activities in the statement of net assets is different because:

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

4,618

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

Land	1,706,985	
------	-----------	--

Buildings and building improvements, net of \$180,177 in accumulated depreciation	1,489,419	
-----------------------------------------------------------------------------------	-----------	--

Automobiles and equipment, net of \$855,114 in accumulated depreciation	1,378,382	
-------------------------------------------------------------------------	-----------	--

Total Capital Assets		4,574,786
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Long-term liabilities, including compensated absences payable and post employment benefits payable are not due and payable in the current period and therefore are not reported in the fund liabilities.

(459,278)

Total Net Assets of Governmental Activities (Exhibit A)	\$	<u>30,666,967</u>
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The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2011**

REVENUES	
Taxes	\$ 976,555
State revenue sharing	29,942
Interest income	161,604
Royalties and surface leases	3,188,109
Sale of timber	40,218
Miscellaneous	<u>1,367,251</u>
Total Revenues	<u>5,763,679</u>
EXPENDITURES	
General government	
Personal services	920,328
Travel	8,968
Operating services	616,629
Supplies	42,344
Professional services	74,918
Capital outlay	<u>523,547</u>
Total Expenditures	<u>2,186,734</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,576,945
OTHER FINANCING SOURCES (USES)	
Gain on sale or disposal of fixed assets	<u>49,927</u>
NET CHANGE IN FUND BALANCE	3,626,872
FUND BALANCE, BEGINNING OF YEAR	<u>22,919,969</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 26,546,841</u></u>

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

STATE OF LOUISIANA
CADDO LEEVE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Net Change in Fund Balances - Total Governmental Funds (Exhibit E)	\$	3,626,872
The change in net assets reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which payments for depreciation (231,450) exceeds capital outlay (523,547) in the current period.		292,097
The non-allocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.		11
Some expenses reported in the statement of activities, such as compensated absences and post employment benefits payable, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		<u>(101,868)</u>
Total Change in Net Assets of Governmental Activities (Exhibit B)	<u>\$</u>	<u>3,817,112</u>

The accompanying notes are integral part of this financial statement.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

INTRODUCTION

The Caddo Levee District, a component unit of the State of Louisiana, was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38:291 (c). The Caddo Levee District is domiciled in Shreveport, Louisiana and was created for the primary purpose of maintaining and operating the levee systems along the right descending bank of Red River, as well as the levee systems of Twelve Mile Bayou and Black Bayou. The Caddo Levee District insures the integrity of the levee system throughout the year and during times of emergency, responds with trained personnel and the necessary equipment to provide protection of lives and property. The Board of Commissioners administers the operations and responsibilities of the Levee District in accordance with the provisions of Louisiana statute. The seven members of the Board of Commissioners which governs the District are appointed by the governor of the State of Louisiana.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

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

2. Basic Financial Statements – Government-Wide Statements

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

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

**CADDO LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

3. Basic Financial Statements – Fund Financial Statements

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

The following fund types are used by the District:

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

4. Basis of Accounting

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

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

**CADDO LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Budgetary Accounting

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

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

6. Cash and Cash Equivalents

The District defines cash and cash equivalents as follows:

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

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

7. Receivables

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

8. Bad Debts

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At June 30, 2011, there were no amounts considered to be uncollectible

**CADDO LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Capital Assets

Capital assets are carried at historical costs. Depreciation of all exhaustible fixed assets used by the District is charged as an expense against operations in the Statements of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Assets. Depreciation is computed using the straight-line method over the useful lives of the assets, generally 10 to 45 years for buildings and building improvements and 3 to 10 years for movable property. Expenditures for maintenance, repairs, and minor renewals are charged to earnings as incurred. Major expenditures for renewal and betterments are capitalized. The District's policy is to capitalize items with a unit cost of \$1,000 or greater. In accordance with Office of Statewide Reporting and Accounting Policy (OSRAP) guidelines, infrastructure assets are to be capitalized and depreciated over a useful life of 40 years.

OSRAP has set a threshold for infrastructure assets are to be capitalized at \$3,000,000 spent per entity per year. The Caddo Levee District did not have expenditures relating to infrastructure assets which met this threshold. Therefore, no infrastructure assets are recognized in the accompanying financial statements.

10. Compensated Absences

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

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

11. Estimates

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

12. Long-Term Obligations

In the government-wide financial statements, debt principal payments of government activities are reported as decreases in the balance of the liability on the statement of net assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid. The District recognizes other post-employment benefits liability in the government-wide financial statements based on actuarially determined obligations under GASB No. 45.

**CADDO LEEVE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. Fund Balance – Governmental Funds

The Caddo Levee District elected to implement GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, fund balance of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of the District.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed by that are intended to be used for specific purposes.

Unassigned – all other spendable amounts.

As of June 30, 2011, fund balances are composed of the following:

Category	Governmental Fund
Committed to:	
Capital outlay	\$ 11,000,000
Flood fight contingencies	7,000,000
Unassigned	8,546,841
Total fund balance	\$ 26,546,841

NOTE B – CASH AND CASH EQUIVALENTS

At June 30, 2011, the Levee District had cash and cash equivalents (book balances) totaling \$14,328,517 as detailed as follows:

1. Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2011 (book balances) totaled \$14,328,517. These deposits are stated at costs, which approximates market. Under state law, these deposits (or the resulting book 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. At June 30, 2011, the District had \$14,365,427 in deposits (collected bank balances) that were insured by the Federal Deposit Insurance Corporation and collateralized with securities held by the pledging institution's trust department or its agent.

**CADDO LEEVE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE B – CASH AND CASH EQUIVALENTS (CONTINUED)

2. Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The bank balances of deposits exposed to custodial credit risk are as follows:

	<u>Cash</u>
Deposits per balance sheet	\$ 14,328,517
Deposits in bank account per bank	14,365,427
Bank balances of deposits exposed to custodial credit risk:	
a. Uninsured and uncollateralized	\$ -
b. Uninsured and collateralized with securities held by the pledging institution	-
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in entity's name	11,786,910

NOTE C – INVESTMENTS

The Caddo Levee District does maintain investment accounts as authorized by LSA-RS 33:2955.

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are either held by the counterparty or the counterparty's trust department or agent, but not in the entity's name. Repurchase agreements are not subject to credit risk if the securities underlying the repurchase agreement are exempt from credit risk disclosure.

<u>Type of Investment</u>	<u>Uninsured, Unregistered, and Held by Counterparty's Trust Dept. or Agent Not in Entity's Name</u>	<u>Reported Amount Per Balance Sheet</u>	<u>Fair Value</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
Negotiable CD's:					
Iberia Bank	10,000,000	10,000,000	10,000,000	11/25/2011	0.94553%
Quahita Independent Bank	1,000,000	1,000,000	1,000,000	11/19/2012	1.05%
First Guaranty Bank	1,000,000	1,000,000	1,000,000	11/18/2012	1.25%
Total Negotiable CD's	\$ 12,000,000	\$ 12,000,000	\$ 12,000,000		

**CADDO LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE D – ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at June 30, 2011:

<u>Classes of Receivable</u>		
Interest	\$	75,236
Taxes		5,139
Royalties and leases		<u>208,475</u>
 Total - fund statements and government- wide statements	 \$	 <u><u>288,850</u></u>

NOTE E – RESTRICTED ASSETS

A board resolution was made at the March 11, 2010 board meeting that designated assets of \$11,000,000 for capital outlay and assets of \$7,000,000 for flood fight contingencies for the fiscal year ended June 30, 2011. Investments of \$12,000,000 and cash and cash equivalents of \$6,000,000 were restricted at June 30, 2011.

NOTE F – CAPITAL ASSETS

A summary of Caddo Levee District's capital assets at June 30, 2011 follows:

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2011</u>
Capital Assets, not being depreciated				
Land	\$ 1,706,985	\$ -	\$ -	\$ 1,706,985
Construction in progress	-	-	-	-
Total Capital Assets, not being depreciated	<u>1,706,985</u>	<u>-</u>	<u>-</u>	<u>1,706,985</u>
 Capital Assets, being depreciated				
Buildings and building improvements	919,005	-	-	919,005
Warehouse	709,033	41,558	-	750,591
Less accumulated depreciation	<u>(143,442)</u>	<u>(36,735)</u>	<u>-</u>	<u>(180,177)</u>
Total buildings and buildings improvements	<u>1,484,596</u>	<u>4,823</u>	<u>-</u>	<u>1,489,419</u>
Automobiles and equipment	1,973,184	481,989	(221,677)	2,233,496
Less accumulated depreciation	<u>(878,341)</u>	<u>(194,715)</u>	<u>217,942</u>	<u>(855,114)</u>
Total automobiles and equipment	<u>1,094,843</u>	<u>287,274</u>	<u>(3,735)</u>	<u>1,378,382</u>
 Total Capital Assets, being depreciated	<u>2,579,439</u>	<u>292,097</u>	<u>(3,735)</u>	<u>2,867,801</u>
 Total Capital Assets, net	<u>\$ 4,286,424</u>	<u>\$ 292,097</u>	<u>(3,735)</u>	<u>\$ 4,574,786</u>

**CADDO LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE G – ACCOUNTS PAYABLE

The following is a summary of accounts payable at June 30, 2011:

Class of Payable	
Accounts	\$ 4,758
Total	\$ 4,758

NOTE H – LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Compensated Absences	\$ 60,402	\$ 33,790	\$ (26,395)	\$ 67,797	\$ 26,395
OPEB Payable	300,743	123,757	(33,020)	391,480	-
	\$ 361,145	\$ 157,547	\$ (59,415)	\$ 459,277	\$ 26,395
Total long-term liabilities, government-wide statements				\$ 459,277	\$ 26,395

NOTE I – RETIREMENT SYSTEM

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

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

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only one single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with

**CADDO LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE I – RETIREMENT SYSTEM (CONTINUED)

qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2008 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and is also available online at:

http://lasers.websitegadget.com/uploads/LASERS_2010_CAFR.pdf

Members hired before July 1, 2006 and after July 1, 2006, are required by state to contribute with the single largest group ("regular members") contributing 7.5% of gross salary, and the District is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rates for the fiscal years ending June 30, 2011, 2010, and 2009 were 22.0%, 18.6%, and 18.5%, respectively. The District's contributions to the System for the years ending June 30, 2011, 2010, and 2009 were \$135,456, \$110,631, and \$108,105, respectively, which are the required contributions for each year.

NOTE J– EMPLOYEE BENEFITS – OTHER POST EMPLOYMENT BENEFITS

The District may provide certain continuing health care and life insurance benefits for its retired employees through the Louisiana Office of Group Benefits. Substantially all employees become eligible for those benefits if they reach normal retirement age while working for the District and were covered by the District's active medical plan immediately prior to retirement. Those benefits include joint payment of monthly premiums for the coverage provided.

Plan Description. The State of Louisiana's Other Post-Employment Benefit Plan (OPEB Plan) is an agent multiple-employer plan administered by the Louisiana Office of Group Benefits (OGB). There are three plans available to eligible retirees for health care- OGB Preferred Provider Organization (PPO), Humana Health Maintenance Organization (HMO) and United Exclusive Provider Organization (EPO). Participants eligible for Medicare coverage can choose one of two OGB Medicare Advantage Plans, either an HMO or private fee-for-service (PFFS) plan. Life insurance benefits include basic term life, basic plus supplemental term life, dependent term life and employee accidental death and dismemberment coverage. The policy is underwritten by The Prudential Insurance Company of America.

LRS 42:801-883 provides for the authority under which benefit provisions are established and may be amended. The OGB does not issue a stand-alone report; however, it is included in the Louisiana Comprehensive Annual Financial Report (CAFR). The CAFR may be obtained from the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap, writing to P. O. Box 94095, Baton Rouge, LA 70804-9095 or by calling 225-342-0708.

Funding Policy. LRS 42:801-883 provides for the authority under which the obligations of the plan members and the system are established and may be amended. For employees hired prior to January 1, 2002, the cost of coverage is shared 25% by the participant and 75% by the Board with the exception of single retirees under age 65. He/she must pay 25% of the active employee cost. Employees hired on or after January 1, 2002, pay a percentage of the total contribution rate based on his/her years of service at retirement (under 10 yrs. - 81%; 10-14 yrs. - 62%; 15-19 yrs. - 44%; 20+ yrs. - 25%). A lifetime maximum for healthcare benefits is set at \$5,000,000 for the PPO, HMO,

**CADDO LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE J – EMPLOYEE BENEFITS – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

and EPO plants. The retiree must pay 50% of the life insurance premiums for him or herself and 88% for his/her spouse. Maximum coverage is capped at \$50,000.

Premiums paid for healthcare coverage vary depending on the plan chosen. For the year ended June 30, 2011, this amount ranges \$326 to \$338 per month for single members with Medicare or \$969 to \$1,049 per month without Medicare.

Premiums paid for retiree and spouse range from \$1,191 to \$1,249 per month for those with Medicare or \$1,739 to \$1,835 per month for those without Medicare. The rates for retirees with children are slightly higher than the single rates and family coverage is slightly higher than the retiree/spouse rates. The plan is currently financed on a pay-as-you-go basis by the Board.

OPEB Cost/Obligation. The District's Annual Required Contribution (ARC) is an amount actuarially in accordance with GASB 45. The Annual Required Contribution (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 year beginning July 1, 2009, is as follows on the next page:

Annual OPEB Expense and Net OPEB Obligation

Fiscal Year Ending	6/30/2011
Net OPEB Obligation at June 30, 2010	\$ 300,700
Annual Required Contribution	123,300
Interest on Net OPEB Obligation	12,000
ARC Adjustment	(11,500)
Annual OPEB Expense	123,800
Contributions made	<u>(33,020)</u>
Net OPEB Obligation at June 30, 2011	<u>\$ 391,480</u>
Percentage of Annual OPEB Cost Contributed	26.67%

Funding Status and Funding Progress. As of June 30, 2011, the District had not made any contributions to its post-employment benefits plan trust. A trust was established during the current year but was not funded. Thus, it has no plan assets and a funding ratio of zero. Funding status and progress is summarized below:

Actuarial accrued liability (AAL)	\$ 1,341,500
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,341,500</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employees covered by the plan)	454,400
UAAL as a percentae of covered payroll	295%

**CADDO LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE J – EMPLOYEE BENEFITS – OTHER POST EMPLOYMENT 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 far into the future. Examples include assumptions about future employment, mortality and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the July 1, 2010, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 9.5% and 10.6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The District's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2011, was thirty years.

NOTE K – RISK MANAGEMENT

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

NOTE L – DEFERRED REVENUE

Deferred revenue of \$65,768 represents payments received for surface leases for periods subsequent to June 30, 2011.

NOTE M – LEVEE DISTRICT TAXES

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

**CADDO LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE N – DEFERRED COMPENSATION PLAN

During 2002, the District began participating in a deferred compensation plan in accordance with the Internal Revenue Code 457 (Section 457 Plan). Under Governmental Accounting Standards Board No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, plans that meet the criteria in NCGA Statement 1, Governmental Accounting and Financial Reporting Principles, should be reported as an expendable trust fund in the financial statements of the government. Because the District's Section 457 Plan does not meet this criteria, the balances in assets and liabilities were not presented in the financial statements of the District. The District's contribution to the Section 457 Plan was \$23,740 for the year ended June 30, 2011.

NOTE O – SURFACE LEASE RENTALS

The District has entered into several surface lease rental agreements which provide rental income to the District. Payments on these leases are due annually. Leases are cancelable at any time by either party to the lease. Rental income for the year ended June 30, 2011 was approximately \$132,886.

NOTE P – LITIGATION

At June 30, 2011, the Caddo Levee District was involved in 1 litigation suit, which is covered by insurance. According to legal counsel, the litigation should not cause a loss to the District.

NOTE Q – SUBSEQUENT EVENTS

These financial statements considered subsequent events through August 8, 2011, the date the financial statements were available to be issued.

At the May 12, 2011 board meeting, a motion was approved by the Board to reduce to the tax levied for the year 2011 upon all of the property in the Caddo Levee District subject to taxation for levee purposes to 0.00 mills on the dollar of its assessed valuation.

SUPPLEMENTAL SCHEDULES

SCHEDULE 1

STATE OF LOUISIANA
 CADDO LEVEE DISTRICT
 SCHEDULE OF PER DIEM PAID BOARD MEMBERS
 FOR THE YEAR ENDED JUNE 30, 2011

<u>Commissioners</u>	<u>2011</u>
James G. Adger	\$ 825
Edwin H. Byrd, III	600
Creighton Light	2,025
Dan P. Logan, Jr.	1,050
Carolyn C. Prator	1,500
Stephen Roberts	675
Willie Washington	<u>975</u>
Total	<u>\$ 7,650</u>

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

SCHEDULE 2

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SCHEDULE OF STATE FUNDING
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Description of Funding</u>	
State Revenue Sharing	<u>\$ 29,942</u>

SCHEDULE 3

STATE OF LOUISIANA
 CADDO LEVEE DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 OF GOVERNMENTAL FUNDS
 BUDGET (GAAP) BASIS AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

	Budget - Original and Final	Actual	Variance Fav./(Unfav.)
REVENUES			
Taxes	\$ 700,000	\$ 976,555	\$ 276,555
State revenue sharing	25,000	29,942	4,942
Interest income	100,000	161,604	61,604
Royalties, leases, and timber sales	575,000	3,228,327	2,653,327
Miscellaneous	50,000	1,367,251	1,317,251
Total Revenues	1,450,000	5,763,679	4,313,679
EXPENDITURES			
General Government			
Personal services	1,480,700	920,328	560,372
Travel	30,000	8,958	21,032
Operating services	1,619,000	616,629	1,002,371
Supplies	790,000	42,344	747,656
Professional services	255,000	74,918	180,082
Capital outlay	18,000,000	523,547	17,476,453
Total Expenditures	22,174,700	2,186,734	19,987,966
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(20,724,700)	3,576,945	24,301,645
OTHER FINANCING SOURCES (USES)			
Sale of fixed assets	-	49,927	49,927
NET CHANGE IN FUND BALANCE	(20,724,700)	3,626,872	24,351,572
FUND BALANCE, BEGINNING OF YEAR	20,724,700	22,919,969	2,195,269
FUND BALANCE, END OF YEAR	\$ -	\$ 26,546,841	\$ 26,546,841

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Hugh F. Baxley, CPA/CVA/PFS/FCPA
Margaret A. Pritchard, CPA

Staci H. Joffrion, CPA

SCHEDULE 4

Board of Commissioners
Caddo Levee District
Shreveport, Louisiana

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

We have audited the financial statements of the governmental activities and major fund of the Caddo Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 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 Caddo Levee District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Caddo Levee District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Caddo Levee District 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting (2011-1). A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**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**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Caddo Levee District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Caddo Levee District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Caddo Levee District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management, others within the organization, the Caddo Levee District, and federal award agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Baxley & Associates, LLC

Plaquemine, LA
August 8, 2011

CADDO LEVEE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

2011-1 LACK OF CONTROLS OVER FINANCIAL REPORTING IN ACCORDANCE WITH GAAP
(CONTINUED)

Management's Response:

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

**CADDO LEVEE DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

2010-1 FINANCIAL STATEMENT PRESENTATION**Condition:**

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

Recommendation:

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

Current Status:

The condition still exists in the current year.

DIVISION OF ADMINISTRATION REPORTING PACKAGE

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ended June 30, 2011

Caddo Levee District
1320 Grimett Drive
P.O. Box 78282
Shreveport, LA 71137-8282

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

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

LLAFileroom@lla.la.gov.

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

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

AFFIDAVIT

Personally came and appeared before the undersigned authority, Craig Windham, Administrator of Caddo Levee District who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of Caddo Levee District at June 30, 2011 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 13th day of August, 2011.

Craig Windham
Signature of Agency Official

Gaylyn Bell
NOTARY PUBLIC

Prepared by: Gaylyn Bell

Title: Assistant Secretary

Telephone No.: (318) 221-2654

Date: August 4, 2011

Email Address: caddolevee@bellsouth.net

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

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
BALANCE SHEET
AS OF JUNE 30, 2011**

Statement A

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 8,328,517
Restricted Cash and Cash Equivalents	
Investments	
Derivative instrument	
Deferred outflow of resources	
Receivables (net of allowance for doubtful accounts)(Note U)	213,614
Accrued interest receivable	75,236
Due from federal government	
Inventories	
Prepayments	4,618
Notes receivable	
Other current assets	
Total current assets	8,621,985

NONCURRENT ASSETS:

Restricted assets (Note F):	
Cash	6,000,000
Investments	12,000,000
Receivables	
Investments	
Notes receivable	
Capital assets, net of depreciation (Note D)	
Land and non-depreciable easements	1,706,985
Buildings and improvements	1,489,418
Machinery and equipment	1,378,383
Infrastructure	
Intangible assets	
Construction/Development-in-progress	
Other noncurrent assets	
Total noncurrent assets	22,574,786

Total assets \$ 31,196,771

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$ 4,758
Derivative instrument	
Deferred inflow of resources	
Due to other funds (Note Y)	
Due to federal government	
Deferred revenues	65,768
Amounts held in custody for others	
Other current liabilities	
Current portion of long-term liabilities: (Note K)	
Contracts payable	
Compensated absences payable	26,395
Capital lease obligations	
Claims and litigation payable	
Notes payable	
Pollution remediation obligation	
Bonds payable (include unamortized costs)	
Other long-term liabilities	
Total current liabilities	96,921

NONCURRENT LIABILITIES: (Note K)

Contracts payable	
Compensated absences payable	41,403
Capital lease obligations	
Notes payable	
Pollution remediation obligation	
Bonds payable (include unamortized costs)	
OPEB payable	391,480
Other long-term liabilities	
Total noncurrent liabilities	432,883
Total liabilities	529,804

NET ASSETS

Invested in capital assets, net of related debt	4,574,786
Restricted for:	
Capital outlay	11,000,000
Flood fight contingencies	7,000,000
Unemployment compensation	
Other specific purposes	
Unrestricted	8,092,181
Total net assets	30,666,967
Total liabilities and net assets	\$ 31,196,771

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

STATE OF LOUISIANA
CADDO LEVEE DISTRICT

Statement B

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

OPERATING REVENUE	
Sales of commodities and services	\$ -
Assessments	-
Use of money and property	-
Licenses, permits, and fees	-
Other	-
Total operating revenues	-
OPERATING EXPENSES	
Personal services	1,018,460
Travel	8,968
Operating services	616,619
Supplies	42,344
Professional services	74,918
Depreciation	231,450
Total operating expenses	1,992,759
Operating income(loss)	(1,992,759)
NON-OPERATING REVENUES (EXPENSES)	
Taxes	976,555
State revenue sharing	29,942
Interest income	161,604
Royalties and surface leases	3,188,109
Sale of timber	40,218
Gain on sale or disposal of fixed assets	46,193
Miscellaneous	1,367,250
Total non-operating revenues(expenses)	5,809,871
Income(loss) before contributions, extraordinary items, & transfers	3,817,112
Capital contributions	-
Extraordinary item - Loss on impairment of capital assets	-
Transfers in	-
Transfers out	-
Change in net assets	3,817,112
Total net assets – beginning	26,849,855
Total net assets – ending	\$ 30,666,967

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

STATE OF LOUISIANA
 CADDO LEVEE DISTRICT
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2011

Statement C

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Entity	\$ 1,992,759	\$ -	\$ -	\$ -	\$ (1,992,759)
General revenues:					
Taxes					976,555
State revenue sharing					29,942
Interest income					161,604
Royalties and surface leases					3,188,109
Sale of timber					40,218
Miscellaneous					1,367,250
Gain on sale or disposal of fixed assets					46,193
Special items					
Extraordinary item - Loss on impairment of capital assets					
Transfers					
Total general revenues, special items, and transfers					5,809,871
Change in net assets					3,817,112
Net assets - beginning as restated					26,849,855
Net assets - ending					\$ 30,666,967

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
CADDO LEVEE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

Statement D
(continued)

Cash flows from operating activities	
Cash received from customers	
Cash payments to suppliers for goods and services	<u>(742,993)</u>
Cash payments to employees for services	<u>(920,326)</u>
Payments in lieu of taxes	
Internal activity-payments to other funds	
Claims paid to outsiders	
Other operating revenues(expenses)	
Net cash provided(used) by operating activities	<u>(1,663,319)</u>
Cash flows from non-capital financing activities	
Cash receipts of taxes	<u>977,888</u>
Cash receipts of state revenue sharing	<u>29,942</u>
Cash receipts of royalties and leases	<u>3,793,511</u>
Cash receipts of miscellaneous items	<u>1,407,468</u>
Principal paid on bonds	
Other	
Net cash provided(used) by non-capital financing activities	<u>6,208,809</u>
Cash flows from capital and related financing activities	
Proceeds from sale of bonds	
Principal paid on bonds	
Interest paid on bond maturities	
Proceeds from issuance of notes payable	
Principal paid on notes payable	
Interest paid on notes payable	
Acquisition/construction of capital assets	<u>(523,547)</u>
Proceeds from sale of capital assets	<u>49,928</u>
Capital contributions	
Other	
Net cash provided(used) by capital and related financing activities	<u>(473,619)</u>
Cash flows from investing activities	
Purchases of investment securities	<u>(12,000,000)</u>
Proceeds from sale of investment securities	<u>-</u>
Interest and dividends earned on investment securities	<u>98,453</u>
Net cash provided(used) by investing activities	<u>(11,901,547)</u>
Net increase(decrease) in cash and cash equivalents	<u>(7,829,676)</u>
Cash and cash equivalents at beginning of year	<u>22,158,193</u>
Cash and cash equivalents at end of year	<u>\$ 14,328,517</u>

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011**

**Statement D
(concluded)**

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

Operating income(loss)	\$	<u>(1,992,759)</u>
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:		
Depreciation/amortization	231,450	
Provision for uncollectible accounts		
Other		
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net		
(Increase)decrease in due from other funds		
(Increase)decrease in prepayments	(11)	
(Increase)decrease in inventories		
(Increase)decrease in other assets		
Increase(decrease) in accounts payable and accruals	(242)	
Increase(decrease) in compensated absences payable	7,397	
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues	109	
Increase(decrease) in OPEB payable	90,737	
Increase(decrease) in other liabilities		
Net cash provided(used) by operating activities	\$	<u><u>(1,663,319)</u></u>

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease(s)	\$	_____
Contributions of fixed assets		_____
Purchases of equipment on account		_____
Asset trade-ins		_____
Other (specify)		_____
_____		_____
_____		_____
Total noncash investing, capital, and financing activities:	\$	<u><u>_____</u></u>

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2011**

INTRODUCTION

The Caddo Levee District, a component unit of the State of Louisiana, was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38:291c. The Levee District primarily provides flood protection of those areas contained in the District. The Board of Commissioners administers the operations and responsibilities of the Levee District in accordance with provisions of Louisiana statute. The seven members of the Board of Commissioners, which governs the District, are appointed by the governor of the State of Louisiana.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

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

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

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

Revenue Recognition

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

Expense Recognition

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

**STATE OF LOUISIANA
 CADDO LEVEE DISTRICT
 Notes to the Financial Statement
 As of and for the year ended June 30, 2011**

B. BUDGETARY ACCOUNTING

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

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

		<u>APPROPRIATIONS</u>
Original approved budget	\$	<u>22,174,700</u>
Amendments:		_____

Final approved budget	\$	<u><u>22,174,700</u></u>

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

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

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

STATE OF LOUISIANA
 CADDO LEVEE DISTRICT
 Notes to the Financial Statement
 As of and for the year ended June 30, 2011

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are required to be 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.

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

The deposits at June 30, 2011, consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Deposits per Balance Sheet (Reconciled bank balance)	\$ 14,328,517		\$	\$ 14,328,517
Deposits in bank accounts per bank	\$ 14,365,427		\$	\$ 14,365,427
Bank balances exposed to custodial credit risk:	\$	\$	\$	\$
a. Uninsured and uncollateralized				
b. Uninsured and collateralized with securities held by the pledging institution				
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's	11,786,910			11,786,910

The following is a breakdown by banking institution, program, and amount of the "Deposits in bank accounts per bank" balances shown above:

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. Bancorp South	General Funds	\$ 2,365,427
2. Capital One Bank	General Funds/Restricted Funds	12,000,000
3. _____		
Total		\$ 14,365,427

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2011**

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

Cash in State Treasury	\$	<u>-0-</u>
Petty cash	\$	<u>-0-</u>

2. INVESTMENTS

The Caddo Levee District does maintain investment accounts as authorized by LSA-RS 33:2955.

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are either held by the counterparty or the counterparty's trust department or agent, but not in the entity's name. Repurchase agreements are not subject to credit risk if the securities underlying the repurchase agreement are exempt from credit risk disclosure.

<u>Type of Investment</u>	<u>Investments Exposed to Custodial Credit Risk</u>		<u>All Investments Regardless of Custodial Credit Risk Exposure</u>	
	<u>Uninsured, *Unregistered, and Held by Counterparty</u>	<u>Uninsured, *Unregistered, and Held by Counterparty's Trust Dept. or Agent Not in Entity's Name</u>	<u>Reported Amount Per Balance Sheet</u>	<u>Fair Value</u>
Negotiable CDs	\$ -	\$ 12,000,000	\$ 12,000,000	\$ 12,000,000
Repurchase agreements				
U.S. Government Obligations **				
U.S. Agency Obligations				
Common & preferred stock				
Mortgages (including CMOs & MBSs)				
Corporate bonds				
External Investment Pool (Other)				
Other: (identify)				
Total investments	\$ -	\$ 12,000,000	\$ 12,000,000	\$ 12,000,000

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2011**

3. CREDIT RISK, INTEREST RATE RISK, CONCENTRATIONS OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES – NOT APPLICABLE
 4. DERIVATIVES (GASB 53) – NOT APPLICABLE
 5. POLICIES – NOT APPLICABLE
 6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS – NOT APPLICABLE
- D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS**

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

STATE OF LOUISIANA
 CADD O LEVEE DISTRICT
 Notes to the Financial Statement
 As of and for the year ended June 30, 2011

Schedule of Capital Assets (includes capital leases)

University/System	Balance 6/30/2010	Prior Period Adjustments	Restated Balance 6/30/2010	Additions	* Reclassifi- cation of CIP	** Retirements	Balance 6/30/2011
Capital assets not depreciated:							
Land	\$ 1,706,985	\$ -	\$ 1,706,985	\$ -	\$ -	\$ -	\$ 1,706,985
Non-depreciable land improvements	-	-	-	-	-	-	-
Non-depreciable easements	-	-	-	-	-	-	-
Capitalized collections	-	-	-	-	-	-	-
Software - development in progress	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Total capital assets not depreciated	\$ 1,706,985	\$ -	\$ 1,706,985	\$ -	\$ -	\$ -	\$ 1,706,985
Other capital assets:							
Depreciable land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
** Accumulated depreciation	-	-	-	-	-	-	-
Total infrastructure	-	-	-	-	-	-	-
Buildings	1,628,038	-	1,628,038	41,558	-	-	1,669,596
** Accumulated depreciation	(143,442)	-	(143,442)	(36,736)	-	-	(180,178)
Total land improvements	1,484,596	-	1,484,596	4,822	-	-	1,489,418
Machinery & Equipment	1,973,184	-	1,973,184	481,989	-	(221,677)	2,233,496
** Accumulated depreciation	(878,341)	-	(878,341)	(194,715)	-	217,943	(855,113)
Total buildings	1,094,843	-	1,094,843	287,274	-	(3,734)	1,378,383
Infrastructure	-	-	-	-	-	-	-
** Accumulated depreciation	-	-	-	-	-	-	-
Total equipment	-	-	-	-	-	-	-
Software (internally generated & purchased)	-	-	-	-	-	-	-
Other intangibles	-	-	-	-	-	-	-
** Accumulated amortization - software	-	-	-	-	-	-	-
** Accumulated amortization - other intangibles	-	-	-	-	-	-	-
Total intangibles	-	-	-	-	-	-	-
Total other capital assets	\$ 2,579,439	\$ -	\$ 2,579,439	\$ 292,096	\$ -	\$ (3,734)	\$ 2,867,801
Capital asset summary:							
Capital assets not depreciated	\$ 1,706,985	\$ -	\$ 1,706,985	\$ -	\$ -	\$ -	\$ 1,706,985
Other capital assets, book value	3,601,222	-	3,601,222	523,547	-	(221,677)	3,903,092
Total cost of capital assets	5,308,207	-	5,308,207	523,547	-	(221,677)	5,610,077
Accumulated depreciation/amortization	(1,021,783)	-	(1,021,783)	(231,451)	-	217,943	(1,035,291)
Capital assets, net	\$ 4,286,424	\$ -	\$ 4,286,424	\$ 292,096	\$ -	\$ (3,734)	\$ 4,574,786

* Should only be used for those completed projects coming out of construction-in-progress to fixed assets.

** Enter a negative number except for accumulated depreciation in the retirement column

STATE OF LOUISIANA
CADDO LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2011

E. INVENTORIES – NOT APPLICABLE

F. RESTRICTED ASSETS

Restricted assets in the Caddo Levee District at June 30, 2011 reflected at \$18,000,000 in the non-current assets section on Statement A, consist of \$12,000,000 in investments in nonnegotiable certificates of deposit and \$6,000,000 in cash and cash equivalents. A board resolution was made at the March 11, 2010 board meeting that designated \$11,000,000 for capital outlay and \$7,000,000 for flood fight contingencies for the year ended June 30, 2011.

G. LEAVE

1. COMPENSATED ABSENCES

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

District employees, both classified and unclassified, earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits. The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

H. RETIREMENT SYSTEM

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

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

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2011**

average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2008 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:

http://lasers.websitegadget.com/uploads/LASERS_2010_CAFR.pdf

Members are required by state statute to contribute with the single largest group (“regular members”) contributing 7.5% of gross salary, and the Caddo Levee District is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2011, increased to 22.0% of annual covered payroll from the 18.6% and 18.5% required in fiscal years ended June 30, 2010 and 2009 respectively. The Caddo Levee District contributions to the System for the years ending June 30, 2011, 2010, and 2009, were \$135,456, \$110,631, and \$108,105, respectively, equal to the required contributions for each year.

I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The other postemployment benefits (OPEB) calculation for the year ended June 30, 2011 is as follows:

Fiscal year ending	Annual OPEB expense and net OPEB Obligation	6/30/2011
1. ARC		\$123,300
2. Interest on NOO (4%)		\$12,000
3. ARC adjustment		(\$11,500)
4. Annual OPEB Expense		\$123,800
5. Contributions (employer pmts. to OGB for retirees' cost of 2011 insurance premiums)		(\$33,020)
6. Increase in Net OPEB Obligation		\$90,780
7. NOO, beginning of year		\$300,700
8. NOO, end of year		\$391,480

J. LEASES

The District has entered into several surface lease agreements which provide rental income to the District. Payments on these leases are due annually. Leases are cancelable at any time by either party

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2011**

of the lease. Rental income for the year ended June 30, 2011 was approximately \$132,886. The cost and carrying value of land of the lease is approximately \$520,538.

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2011:

	<u>Year ended June 30, 2011</u>			Balance June 30, 2011	Amounts due within one year
	Balance June 30, 2010	Additions	Reductions		
Notes and bonds payable:					
Notes payable	\$	\$	\$	\$ -	\$
Bonds payable				-	
Total notes and bonds	-	-	-	-	-
Other liabilities:					
Contracts payable				-	
Compensated absences payable	60,402	33,790	(26,395)	67,797	26,395
Capital lease obligations				-	
Claims and litigation				-	
Pollution remediation obligation				-	
OPEB payable	300,743	123,757	(33,020)	391,480	-
Other long-term liabilities				-	
Total other liabilities	361,145	157,547	(59,415)	459,277	26,395
Total long-term liabilities	\$ 361,145	\$ 157,547	\$ (59,415)	\$ 459,277	\$ 26,395

L. CONTINGENT LIABILITIES – NOT APPLICABLE

M. RELATED PARTY TRANSACTIONS – NOT APPLICABLE

N. ACCOUNTING CHANGES – NOT APPLICABLE

O. IN-KIND CONTRIBUTIONS – NOT APPLICABLE

P. DEFEASED ISSUES – NOT APPLICABLE

Q. REVENUES – PLEDGED OR SOLD (GASB 48) – NOT APPLICABLE

STATE OF LOUISIANA
 CADDO LEVEE DISTRICT
 Notes to the Financial Statement
 As of and for the year ended June 30, 2011

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) – NOT APPLICABLE

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS– NOT APPLICABLE

T. SHORT-TERM DEBT - NOT APPLICABLE

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2011, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Interest	Other Receivables	Total Receivables
General	\$ 208,475	\$ 5,139	\$ 75,236	\$ -	\$ 288,850
Gross receivables	\$ 208,475	\$ 5,139	\$ 75,236	\$ -	\$ 288,850
Less allowance for uncollectible accounts					
Receivables, net	\$ 208,475	\$ 5,139	\$ 75,236	\$ -	\$ 288,850
Amounts not scheduled for collection during the subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2011, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
General	\$ 4,758	\$ -	\$ -	\$ -	\$ 4,758
Total payables	\$ 4,758	\$ -	\$ -	\$ -	\$ 4,758

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2011**

W. SUBSEQUENT EVENTS

These financial statements considered subsequent events through August 8, 2011, the date the financial statements were available to be issued.

At the May 12, 2011 board meeting, a motion was approved by the Board to reduce the tax levied for the year 2011 upon all of the property in the Caddo Levee District subject to taxation for levee purposes to 0.00 mills on the dollar of its assessed valuation.

X. SEGMENT INFORMATION – NOT APPLICABLE

Y. DUE TO/DUE FROM AND TRANSFERS – NOT APPLICABLE

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS – NOT APPLICABLE

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS – NOT APPLICABLE

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB 46) – NOT APPLICABLE

CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES – NOT APPLICABLE

DD. EMPLOYEE TERMINATION BENEFITS – NOT APPLICABLE

EE. POLLUTION REMEDIATION OBLIGATIONS – NOT APPLICABLE

FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) – NOT APPLICABLE

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
JUNE 30, 2011**

Name	Amount
<u>James G. Adger</u>	\$ <u>825</u>
<u>Edwin H. Byrd, III</u>	<u>600</u>
<u>Creighton Light</u>	<u>2,025</u>
<u>Dan P. Logan, Jr.</u>	<u>1,050</u>
<u>Carolyn C. Prator</u>	<u>1,500</u>
<u>Stephen G. Roberts</u>	<u>675</u>
<u>Willie G. Washington</u>	<u>975</u>
Total	\$ <u><u>7,650</u></u>

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SCHEDULE OF NOTES PAYABLE
JUNE 30, 2011**

NOT APPLICABLE

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

*Send copies of new amortization schedules

STATE OF LOUISIANA
 CADDO LEVEE DISTRICT
 SCHEDULE OF BONDS PAYABLE
 JUNE 30, 2011

NOT APPLICABLE

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
Series:							
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Unamortized Discounts and Premiums Series:							
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____

***Note: Principal outstanding (bond series/minus unamortized costs) at 6/30/11 should agree to bonds payable on the Statement of Net Assets.
 Send copies of new amortization schedules for bonds and unamortized costs.**

STATE OF LOUISIANA
CADDO LEVEE
SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended June 30, 2011
NOT APPLICABLE

Fiscal Year				
<u>Ending:</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2012	\$ _____	\$ _____	\$ _____	\$ _____
2013	_____	_____	_____	_____
2014	_____	_____	_____	_____
2015	_____	_____	_____	_____
2016	_____	_____	_____	_____
2017-2021	_____	_____	_____	_____
2022-2026	_____	_____	_____	_____
2027-2031	_____	_____	_____	_____
2032-2036	_____	_____	_____	_____
 Total	 \$ --	 \$ --	 \$ --	 \$ --

STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SCHEDULE OF NOTES PAYABLE AMORTIZATION
For the Year Ended June 30, 2011
NOT APPLICABLE

Fiscal Year Ending:	Principal	Interest
2012	\$ _____	\$ _____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017-2021	_____	_____
2022-2026	_____	_____
2027-2031	_____	_____
2032-2036	_____	_____
Total	\$ _____ --	\$ _____ --

STATE OF LOUISIANA
 CADDO LEVEE DISTRICT
 SCHEDULE OF BONDS PAYABLE AMORTIZATION
 For The Year Ended June 30, 2011 – NOT APPLICABLE

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2012	\$ _____	\$ _____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
2032	_____	_____
2033	_____	_____
2034	_____	_____
2035	_____	_____
2036	_____	_____
Subtotal	--	--
Unamortized Discounts/Premiums	_____	_____
Total	\$ <u> -- </u>	\$ <u> -- </u>

*Note: Principal outstanding (bond series plus/minus unamortized costs) at 6/30/11 should agree to bonds payable on the Statement of Net Assets.

STATE OF LOUISIANA
 CADDO LEEVE DISTRICT
 SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES
 BUDGETARY COMPARISON OF CURRENT APPROPRIATION
 NON-GAAP BASIS

JUNE 30, 2011 - NOT APPLICABLE

Financial Statement	Adjustments	ISIS Appropriation Report-08/16/11	Revised Budget	Variance Positive/(Negative)
Revenues:				
Intergovernmental Revenues	\$	\$	\$	-
Federal Funds				
Sales of Commodities and Services				
Other				
Total appropriated revenues				
Expenses:				
Cost of goods sold	\$	\$	\$	-
Personal services				
Travel				
Operating Services				
Supplies				
Professional services				
Other charges				
Capital outlay				
Interagency transfers				
Debt service				
Other:				
Bad debts				
Depreciation				
Compensated absences				
Interest expense				
Other (identify)				
Total appropriated expenses				
Excess (deficiency) of revenues over expenses (budget basis)	\$	\$	\$	-

Note: Schedule 5 is only applicable for those entities whose budget is appropriated by the legislature.

STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES
BUDGETARY COMPARISON OF CURRENT APPROPRIATION
NON-GAAP BASIS
6/30/2011 - NOT APPLICABLE

Excess (deficiency) of revenues over expenses (budget basis)	\$ _____
Reconciling items:	
Cash carryover	_____
Use of money and property (interest income)	_____
Depreciation	_____
Compensated absences adjustment	_____
Capital outlay	_____
Disposal of fixed assets	_____
Change in inventory	_____
Interest expense	_____
Bad debts expense	_____
Prepaid expenses	_____
Principal payment	_____
Loan Principal Repayments included in Revenue	_____
Loan Disbursements included in Expenses	_____
Accounts receivable adjustment	_____
Accounts payable/estimated liabilities adjustment	_____
OPEB payable	_____
Other	_____
 Change in Net Assets	 \$ _____

Note: Schedule 5 is only applicable for entities whose budget is appropriated by the legislature.

STATE OF LOUISIANA
CADDO LEVEE DISTRICT
COMPARISON 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 \$3 million, explain the reason for the change.

	<u>2011</u>	<u>2010</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 5,809,871	\$ 3,547,014	\$ 2,262,857	63.80%
Expenses	1,992,759	1,809,310	183,449	10.14%
2) Capital assets	4,574,786	4,286,424	288,362	6.73%
Long-term debt	-	-	-	
Net Assets	30,666,967	26,849,855	3,817,112	14.22%

Explanation for change in Net Assets over \$3 million:

There was a substantial increase in revenues due an increase in royalties received by the District in the current year.

