

**MINUTES OF  
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST  
FINANCE COMMITTEE MEETING  
HELD ON SEPTEMBER 2, 2010**

PRESENT: Stephen Estopinal, Chair  
Timothy Doody, Committee Member  
George Losonsky, Committee Member

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The Finance Committee met on September 2, 2010, in the Second Floor Hall of the Lake Vista Community Center, 6500 Spanish Fort Blvd., New Orleans, Louisiana. Chairman Stephen Estopinal called the meeting to order at 10:05 a.m.

**Opening Comments:** None

**Adoption of Agenda:** The agenda was adopted as presented.

**Approval of Minutes:** The minutes of the August 5, 2010 Finance Committee meeting were approved.

**Public Comments:** None.

**New Business:**

**A. Review of Audit of the SLFPA-E, East Jefferson Levee District, Lake Borgne Basin Levee District & Orleans Levee District for the FY ending June 30, 2010.**

Philip Rebowe advised that the financial audit for the fiscal year ending June 30, 2010 performed by Rebowe & Company has been completed and filed. He explained that three separate audit reports were issued relating to the combined financial statements and to federal revenues and federal grants. All of the Auditor's opinions were unqualified (clean opinions) and no significant deficiencies or material weaknesses in internal controls were noted. In addition, no instances of material non-compliance to the financial statements with respect to the grants were noted. The total federal awards totaled approximately \$11.2 million and consisted mostly of disaster grants. A Memorandum of Advisory Comment was issued to management concerning two administrative matters. Management agreed with the findings of the Auditor and provided a corrective action plan for each comment. The findings concerned (A) tracking Federal and State grants outside of the Louisiana Public Assistance system, and (B) the transfer of funds designed for grant projects into the main operating account as project expenses are incurred.

Mr. Rebowe highlighted the major changes within the financial statement. The financial statement was broken into three types of funds: Governmental, Business (marinas, airport and Lake Vista Community Center) and Authority. As of June 30, 2010, the total Governmental assets for the combined entities totaled \$232 million and combined liabilities totaled \$76 million. The Authority's combined net assets totaled \$243 million. There was an increase of approximately \$22 million in total net assets for the fiscal year ending June 30, 2010 (FY 2010) and an increase of approximately \$29 million for the FY ending June

30, 2009. The decrease between FY 2009 and FY 2010 was due to a decrease in Federal grants. There was a decrease in long term debt due to the early retirement of approximately \$39 million in mortgage bonds and \$4 million in scheduled principal payments.

Mr. Rebowe reviewed the revenues of the combined entities. The combined ad valorem tax revenues totaled \$39.4 million for FY 2010, \$35.2 for FY 2009 and \$32.5 for FY 2008. Total intergovernmental revenues (grants) were \$6.9 million in FY 2010, \$21.5 million in FY 2009 and \$8.2 million in FY 2008. Revenues from royalties, leases and permits remained about the same and interest earnings decreased over the three year period (FY 2008 – FY 2010).

Mr. Rebowe reviewed governmental expenditures. The combined entities expended \$33.2 million for flood and drainage protection in FY 2010 and \$47.9 million in FY 2009. The decrease in expenditures between FY 2010 and FY 2009 relates to the timing of Federal grants. Jim Bollinger, Orleans Levee District (O.L.D.) Comptroller, pointed out that the decrease in expended funds was also partially due to the \$12 million of funding from NASA that flowed thru the O.L.D. to the U.S. Army Corps of Engineers. Mr. Rebowe noted that expenditures on interest decreased due to the early retirement of mortgage bonds.

Mr. Doody asked about the reconciliation of the Due To/Due From charges between the O.L.D. Flood and Non-Flood Divisions. Mr. Rebowe advised that the Due To/Due From charges have been reconciled as of June 30<sup>th</sup>. Louis Capo, O.L.D. Non-Flood Assets Director, advised that these charges are reconciled quarterly and have been decreasing.

Mr. Rebowe thanked the staff of the Authority for the assistance that they provided. He advised that Rebowe & Company is currently in the third year of a three year contract. The Legislative Auditor may exercise an option to the contract or may rebid the contract as a qualified based bid for the next audit. The Legislative Auditor's process would probably begin in January.

Mr. Rebowe advised that a subsequent event note was placed in the audit relative to the Community Disaster Loan (CDL) forgiveness process. About \$4 million of the CDL is classified as current and due next year. The Authority has approximately \$9.6 million of CDL loans. At this time about \$4.5 million of the CDL is anticipated to be forgiven under the current process. Financial statements and operating deficits are still being reviewed. Mr. Doody pointed out that a decision will need to be made by the Authority about whether to pay off the loan early or ask for an extension of the payment terms. Comments have been made by several governmental leaders that the CDL forgiveness process is flawed. He suggested that the Authority look at the actions of other governmental entities on this issue before it makes a decision.

The Committee voted unanimously to refer the Audit Report to the Board.

Mr. Estopinal stated that it was the sense of the Committee that it should initiate a review of the CDL forgiveness process. The Committee will also recommend to the Authority that it begin thinking about how it will handle the CDL forgiveness process.

There was no further business; therefore, the meeting was adjourned at 10<sup>00</sup>30 a.m.