

**SOUTHEAST LOUISIANA FLOOD
PROTECTION AUTHORITY – EAST**

**Combined Financial Statements as of June 30, 2014
and for the Year Then Ended
and Independent Auditors' Report
and Supplementary Information
and Other Independent Auditors' Reports**

**SOUTHEAST LOUISIANA FLOOD
PROTECTION AUTHORITY – EAST**

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Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

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

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of the governmental activities, the business type activities, and each major fund of the Southeast Louisiana Flood Protection Authority – East (the Authority), as of and for the year ended June 30, 2014, and the related notes to combined financial statements, which collectively comprise the Authority's basic combined financial statements as listed in the table of contents.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Southeast Louisiana Flood Protection Authority – East as of June 30, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 9 and page 49 are presented to supplement the basic combined financial statements. Such information, although not part of the basic combined 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 combined 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 combined financial statements, and other knowledge we obtained during our audit of the basic combined 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements that collectively comprise the Authority's basic combined financial statements. The Schedule of Expenditures and Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Annual Fiscal Report to the Office of the Governor, as required by the State of Louisiana, Division of Administration, Office of Statewide Reporting and Accounting Policy, are presented for purposes of additional analysis and are not a required part of the basic combined financial statements.

The Schedule of Expenditures of Federal Awards and the Annual Fiscal Report to the Office of the Governor are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic combined financial statements or to the basic combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Annual Fiscal Report to the Office of the Governor are fairly stated in all material respects.

Other Report Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2014, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Gurtner Zuniga Abney, LLC

New Orleans, Louisiana
September 10, 2014

REQUIRED SUPPLEMENTARY INFORMATION (PART I)

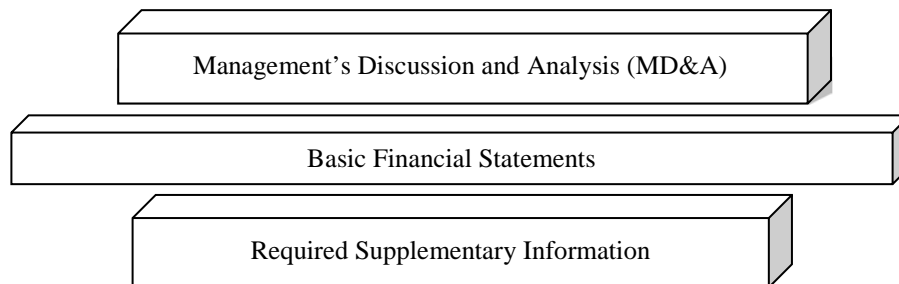
**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
MANAGEMENT’S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2014**

The Management’s Discussion and Analysis of the Southeast Louisiana Flood Protection Authority – East (the Authority) presents a narrative overview and analysis of the Authority’s financial results for the year ended June 30, 2014. This document focuses on the current year’s activities, resulting changes, and currently known facts relating to the four (4) organizations that currently comprise the whole of the Authority:

- The administrative arm of the Authority
- The East Jefferson Levee District (the EJLD)
- The Lake Borgne Basin Levee District (the LBBLD)
- The Orleans Levee District (the OLD)

Overview of the Combined Financial Statements

The following graphic illustrates the minimum requirements for special purpose governments engaged in business-type activities established by Governmental Accounting Standards Board (GASB) Codification 2200 *Comprehensive Annual Financial Reporting*.



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

Basic Combined Financial Statements

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

The Statement of Net Position presents the current and long-term portions of assets and liabilities separately, as well as deferred inflows and deferred outflows. The difference between assets, deferred outflows, liabilities, and deferred inflows is net position and may provide a useful indicator of whether the financial position of the Authority is improving or deteriorating.

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

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
MANAGEMENT’S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2014**

The Statement of Cash Flows presents information showing how the Authority’s cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB Codification 2200.

Financial Highlights

Condensed Statement of Net Position

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

(In Thousands)	Governmental		Business-Type		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 136,600	\$ 136,160	\$ 6,760	\$ 6,970	\$ 143,360	\$ 143,130
Capital assets	139,683	133,098	103,640	103,995	243,323	237,093
Total assets	276,283	269,258	110,400	110,965	386,683	380,223
Current liabilities	6,759	5,351	902	2,437	7,661	7,788
Noncurrent liabilities	41,769	59,927	649	652	42,418	60,579
Total liabilities	48,528	65,278	1,551	3,089	50,079	68,367
Deferred inflows – Deferred revenues	36	36	676	704	712	740
Net position						
Invested in capital assets, net	139,684	133,098	103,640	103,995	243,324	237,093
Restricted	4,247	4,246	-	-	4,247	4,246
Unrestricted	83,789	66,600	4,532	3,177	88,321	69,777
Total net position	\$ 227,720	\$ 203,944	\$ 108,172	\$ 107,172	\$ 335,892	\$ 311,116

- The Authority’s net position at the close of fiscal year 2014 was \$335.9 million compared with net position a year earlier of \$311.1 million, an 8.0% favorable change and \$24.8 million increase.
- Significant contributors to the \$24.8 million increase in net position included income from the Orleans Levee District’s Special Levee Improvement Fund (SLIP) of \$15.1 million, a gain upon the settlement of \$10.5 million on settlement of claims related to the Bohemia Spillway litigation, and a \$4 million reimbursement from Federal Emergency Management Agency (FEMA). East Jefferson Levee District (EJLD) contributed to this increase due to an overall increase in receipts and a delay in construction projects.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
MANAGEMENT’S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2014**

Condensed Statement of Activities and Changes in Net Position

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

(In Thousands)	Governmental		Business-Type		Total	
	2014	2013	2014	2013	2014	2013
Program revenues	\$ 2,789	\$ 2,446	\$ 8,529	\$ 15,477	\$ 11,318	\$ 17,923
Program expenses	(41,296)	(35,349)	(8,051)	(7,641)	(49,347)	(42,990)
Program loss	(38,507)	(32,903)	478	7,836	(38,029)	(25,067)
General revenues	62,283	48,192	492	333	62,775	48,525
Transfers out	-	(1,144)	-	-	-	(1,144)
Change in net position	\$ 23,776	\$ 14,145	\$ 970	\$ 8,169	\$ 24,746	\$ 22,314

- Recurring general revenues at OLD were largely unchanged. OLD received a \$4.4 million non-recurring federal grant. The majority of the decrease in program revenue is due to a decrease in Federal Emergency Management Agency (FEMA) revenues for the business-type operations of OLD.
- OLD’s expenses increased mostly due to legal settlement costs and the major costs of certifying non-federal levees and spending related operations and maintenance costs on new marine gates from the Corp of Engineers.

Capital Assets

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

(In Thousands)	Governmental		Business-Type		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 14,048	\$ 14,048	\$ 22,055	\$ 22,055	\$ 36,103	\$ 36,103
Buildings and improvements	10,439	11,391	78,993	46,474	89,432	57,865
Moveable property	2,761	2,721	71	88	2,832	2,809
Infrastructure	89,368	93,310	109	129	89,477	93,439
Construction in progress	23,067	11,627	2,412	35,249	25,479	46,876
Total	\$ 139,683	\$ 133,097	\$ 103,640	\$ 103,995	\$ 243,323	\$ 237,092

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
MANAGEMENT’S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2014**

Governmental fixed assets increased by \$6.6 million with the OLD increasing its construction work in progress by \$12 million, largely related to erosion control on Lake Ponchartrain.

Long-Term Obligations

The following table lists long-term obligations and deferred inflows:

(In Thousands)	Governmental		Business-Type		Total	
	2014	2013	2014	2013	2014	2013
Accrued compensated absences	\$ 967	\$ 982	\$ 75	\$ 77	\$ 1,042	\$ 1,059
Accrued interest payable	3,586	2,342	-	-	3,586	2,342
Notes payable	26,126	26,126	-	-	26,126	26,126
Judgments and legal claims payable	200	21,183	-	-	200	21,183
Post-employment benefit liability	10,889	9,295	575	575	11,464	9,870
Total	\$ 41,769	\$ 59,928	\$ 650	\$ 652	\$ 42,418	\$ 60,580
 Deferred inflows – deferred revenue	 \$ 36	 \$ 36	 \$ 676	 \$ 704	 \$ 712	 \$ 740

- The majority of the decrease in total long term obligations is due to \$21 million being removed from judgments and legal claims after the settlement of obligations relating to the Bohemia Spillway litigation. This decline was offset by increases in post-retirement health care obligations and interest payable.
- Post-employment benefit liability represents a current recognition of future benefit obligations for which the Authority is responsible.

Variations between Budgeted and Actual Results

Revenues

The LBBLD’s original budget of \$14.6 million in revenues was revised to \$3.7 million due to delays in major maintenance funded by grant revenue. Actual results yielded a decrease of \$10.8 million from the original budget and an increase of \$0.1 million to the amended budget mainly due to the decrease in operating grants. The OLD’s original budget was \$17.3 million with a final budget of \$22.2 million. Actual results yielded an increase of \$5.4 million to the original budget and an increase of \$0.5 million over the amended budget primarily because of an increase in ad valorem taxes and a \$4.4 million refund of loan payments paid to FEMA. The EJLD’s original budget was \$9.1 million while the amended budget had revenues of \$10.4 million. Actual results were \$.04 million higher than the amended budget with the majority of the variance due to FEMA income. The Authority’s General Fund original budget called for a total of \$1.5 million in revenues while the amended budget had revenues of \$1.3 million. Actual revenues were \$0.2 million less than the original budget and there was no variance from actual to the amended budget.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
MANAGEMENT’S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2014**

Expenditures

The LBBLD’s original budget was \$15 million in expenditures while the amended budget was \$4.2 million with the majority of the difference due to delays in machinery and equipment related expenditures. The actual results yielded a favorable variance of \$10.8 million to the original budget and an unfavorable variance of \$0.05 million to the amended budget. The EJLD's original budget was \$24.9 million while the amended budget had expenditures of \$9.2 million with the majority of the variance due to a delay in acquisition of land and construction of the safe house. Actual results yielded a favorable variance of \$18.8 million from the original budget and a \$3.1 million favorable variance from the amended budget due a decrease in safe house and building expenditures. The Authority’s original budget called for a total of \$1.5 million while the amended budget had expenditures of \$1.3 million. Actual results yielded a favorable variance of \$0.1 million from the original budget and no variance from the amended budget. The OLD’s original budget was \$17 million, while the amended budget was increased to \$23.5 million mainly due to legal settlements offset by less than expected costs for new personnel & contractual services. Actual results were nearly \$0.7 million less than the revised budget with the majority of the variance due to a delay in assuming the Surge Barrier. Combined variances in the final budget amounts and actual results are shown in the combined statement of revenues, expenditures, and changes in fund balances – budget and actual – general funds on Schedule 1 of this report.

The budget of the Authority’s General Fund was amended on June 19, 2014. The OLD and LBBLD’s amended budgets were adopted on May 15, 2014. The EJLD’s amended budget was adopted on March 20, 2014.

Economic Factors and Next Year’s Budgets, Rates, and Fees

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

- Changes in organization processes
- Necessary major maintenance and project expenditures
- Increased maintenance of completed U.S. Army Corps of Engineers projects
- Need for additional personnel and higher operating costs due to the additional responsibilities vested in the Authority

Contacting the Authority’s Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Authority’s finances and to show the Authority’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority at CERM Building, Suite 422, 2045 Lakeshore Drive, New Orleans, Louisiana 70122.

BASIC COMBINED FINANCIAL STATEMENTS

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
COMBINED STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

Statement A

	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 97,010,223	\$ -	\$ 97,010,223
Investments	35,140,551	-	35,140,551
Receivables	2,291,062	312,232	2,603,294
Due from other funds, net	(3,999,672)	3,999,672	-
Due from other governments	826,514	2,403,318	3,229,832
Inventory	510,174	-	510,174
Other assets	574,392	44,228	618,620
Restricted investments	4,247,052	-	4,247,052
Total current assets	136,600,296	6,759,450	143,359,746
NONCURRENT ASSETS			
Capital assets			
Land	14,048,432	22,054,735	36,103,167
Other capital assets, net of depreciation	125,634,992	81,585,254	207,220,246
Total noncurrent assets	139,683,424	103,639,989	243,323,413
TOTAL ASSETS	276,283,720	110,399,439	386,683,159
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable	\$ 1,732,195	\$ 60,573	\$ 1,792,768
Contracts payable	2,548,202	802,854	3,351,056
Accrued compensated absences	48,770	24,341	73,111
Due to other agencies	2,429,918	-	2,429,918
Other liabilities	-	13,844	13,844
Total current liabilities	6,759,085	901,612	7,660,697
NONCURRENT LIABILITIES			
Accrued compensated absences	967,644	74,387	1,042,031
Accrued interest payable	3,586,183	-	3,586,183
Note payable due in more than one year	26,125,671	-	26,125,671
Judgment and legal claims payable	200,000	-	200,000
Post-employment benefit liability	10,889,183	575,468	11,464,651
Total noncurrent liabilities	41,768,681	649,855	42,418,536
TOTAL LIABILITIES	48,527,766	1,551,467	50,079,233
DEFERRED INFLOWS– Deferred revenue	36,175	676,091	712,266
COMMITMENTS AND CONTINGENCIES (Notes X,Y,Z)	-	-	-
NET POSITION			
Invested in capital assets, net of related debt	139,683,424	103,639,989	243,323,413
Restricted for:			
Debt service	2,055,060	-	2,055,060
Capital projects	2,192,000	-	2,192,000
Unrestricted	83,789,295	4,531,892	88,321,187
TOTAL NET POSITION	\$ 227,719,779	\$ 108,171,881	\$ 335,891,660

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

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

Statement B

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total	
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		Business-Type Activities
Functions/ Programs							
Governmental activities							
Flood and drainage protection	\$ 40,083,703	\$ 597,484	\$ 124,699	\$ 2,066,832	\$ (37,294,688)	\$ -	\$ (37,294,688)
Interest	1,212,231	-	-	-	(1,212,231)	-	(1,212,231)
Total governmental activities	41,295,934	597,484	124,699	2,066,832	(38,506,919)	-	(38,506,919)
Business-type activities							
Airport	5,042,826	1,988,119	-	3,528,841	-	474,134	474,134
Marinas	2,704,453	2,018,305	-	8,317	-	(677,831)	(677,831)
Other real estate	303,985	985,270	-	-	-	681,285	681,285
Total business-type activities	8,051,264	4,991,694	-	3,537,158	-	477,588	477,588
Total	<u>\$ 49,347,198</u>	<u>\$ 5,589,178</u>	<u>\$ 124,699</u>	<u>\$ 5,603,990</u>	<u>(38,506,919)</u>	<u>477,588</u>	<u>(38,029,331)</u>
General revenues and expenses							
Property taxes					42,660,318	-	42,660,318
Unrestricted intergovernmental revenues					1,999,044	-	1,999,044
Unrestricted investment earnings					976,693	-	976,693
Miscellaneous income					1,669,282	491,780	2,161,062
FEMA reimbursement					4,445,291		4,445,291
Gain on extinguishment of judgement					10,532,620	-	10,532,620
Total general revenues and expenses					62,283,248	491,780	62,775,028
Change in net position before transfers					23,776,329	969,368	24,745,697
Transfers					-	-	-
Change in net position					23,776,329	969,368	24,745,697
Net position – Beginning of year					203,943,450	107,202,513	311,145,963
Net position – End of year					<u>\$ 227,719,779</u>	<u>\$ 108,171,881</u>	<u>\$ 335,891,660</u>

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

COMBINED FUNDS FINANCIAL STATEMENTS

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2014**

Statement C

	Authority General Fund	OLD General Fund	EJLD General Fund	LBBLD General Fund	OLD Real Estate Fund	OLD General Improvement Fund	OLD Slip Fund	LBBLD Capital Project Fund	Total Governmental Funds
Assets									
Cash and cash equivalents	\$ 100,895	\$ 26,541,093	\$ 1,136,454	\$ 4,687,344	\$ 1,917,077	\$ -	\$ 62,111,431	\$ 515,929	\$ 97,010,223
Investments	-	-	35,140,551	-	-	-	-	-	35,140,551
Receivables	-	978,214	-	25,405	4,673	-	319,483	-	1,327,775
Due from other funds	-	7,044,790	-	-	14,420,986	303,227	351,349	-	22,120,352
Due from other governments	152,296	-	-	2,691	209,779	438,048	23,700	-	826,514
Inventory	-	264,269	-	245,905	-	-	-	-	510,174
Restricted investments	-	760,372	2,192,000	-	-	-	1,294,680	-	4,247,052
Other assets	46,901	422,403	84,659	4,181	9,422	-	-	-	567,566
Total assets	\$ 300,092	\$ 36,011,141	\$ 38,553,664	\$ 4,965,526	\$ 16,561,937	\$ 741,275	\$ 64,100,643	\$ 515,929	\$ 161,750,207
Liabilities									
Accounts payable	\$ 75,795	\$ 611,621	\$ 231,384	\$ 63,253	\$ 389,030	\$ -	\$ 361,112	\$ -	\$ 1,732,195
Contracts payable	-	-	-	-	-	302,864	2,245,338	-	2,548,202
Due to other agencies	-	99,463	2,192,000	106,846	-	31,609	-	-	2,429,918
Due to other funds	-	350,159	-	-	23,073,840	2,689,199	-	-	26,113,198
Total liabilities	75,795	1,061,243	2,423,384	170,099	23,462,870	3,023,672	2,606,450	-	32,823,513
Deferred Inflows - deferred revenue	-	335,224	-	-	-	-	-	-	335,224
Fund Balance									
Nonspendable									
Prepaid and other assets	46,901	422,403	84,659	4,181	9,422	-	-	-	567,566
Inventory	-	264,269	-	245,905	-	-	-	-	510,174
Due (to) from other funds	-	6,694,631	-	-	(8,652,854)	(2,385,972)	351,349	-	(3,992,846)
Restricted									
Debt service	-	760,372	-	-	-	-	1,294,688	-	2,055,060
Committed									
Capital assets	-	-	-	-	-	-	30,000,000	-	30,000,000
Assigned	-	-	2,192,000	-	-	-	30,435,408	515,929	33,143,337
Unassigned	177,396	26,472,999	33,853,621	4,545,341	1,742,499	103,575	-	-	66,895,431
Total fund balance (deficit)	224,297	34,614,674	36,130,280	4,795,427	(6,900,933)	(2,282,397)	62,081,445	515,929	129,178,722
Total liability and fund balance	\$ 300,092	\$ 36,011,141	\$ 38,553,664	\$ 4,965,526	\$ 16,561,937	\$ 741,275	\$ 64,687,895	\$ 515,929	\$ 162,337,459

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

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
RECONCILIATION OF THE
COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS TO THE COMBINED
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014**

Total governmental fund balances (Statement C)	\$ 129,178,722
Amounts reported for governmental activities in the Combined Statement of Net Position are different because:	
Capital uses in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$94,826,178	139,683,424
Assets that are not due and payable within 60 days of year-end and, therefore, and not reported in the funds	
Accounts receivable	974,132
Deferred revenues reported in the funds that were previously recognized in governmental activities	(299,048)
Liabilities that are not due and payable within 60 days of year-end and, therefore, and not reported in the funds	
Accrued compensated absences	(1,016,414)
Long-term note payable	(26,125,671)
Accrued interest payable	(3,586,183)
Judgments and claims payable	(200,000)
Post-employment benefit liability	(10,889,183)
	(10,889,183)
Net position of governmental activities (Statement A)	\$ 227,719,779

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

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

Statement D

	Authority General Fund	OLD General Fund	EJLD General Fund	LBBLD General Fund	OLD Real Estate Fund	OLD General Improvement Fund	OLD SLIP Fund	LBBLD Capital Projects Fund	Total Governmental Funds
Revenues									
Taxes	\$ -	\$ 16,253,956	\$ 8,808,789	\$ 3,406,708	\$ -	\$ -	\$ 14,292,851	\$ -	\$ 42,762,304
Intergovernmental	-	1,296,621	531,692	170,731	-	-	682,641	-	2,681,685
Interest earnings	60	6,848	941,268	6,924	713	-	17,673	3,267	976,753
Royalties, leases, and permits	-	489,524	-	-	-	-	-	-	489,524
FEMA Refund	-	4,445,291	-	-	-	-	-	-	4,445,291
Operating Grants	-	-	-	124,699	-	-	-	-	124,699
Capital grants	-	568	76,083	-	-	1,470,984	152,183	-	1,699,818
Other	1,382,470	249,487	80,372	56,301	70,718	-	-	-	1,839,348
Total revenues	1,382,530	22,742,295	10,438,204	3,765,363	71,431	1,470,984	15,145,348	3,267	55,019,422
Expenditures									
Flood and drain protection	1,398,883	13,330,540	8,367,249	4,247,153	1,381,540	105,351	3,350,842	-	32,181,558
Capital outlay	-	-	480,074	22,199	-	2,050,685	10,341,089	-	12,894,047
Total expenditures	1,398,883	13,330,540	8,847,323	4,269,352	1,381,540	2,156,036	13,691,931	-	45,075,605
Excess (deficiency) of revenues over expenditures	(16,353)	9,411,755	1,590,881	(503,989)	(1,310,109)	(685,052)	1,453,417	3,267	9,943,817
Other financing sources (uses)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Litigation payments, net	-	(10,421,119)	-	-	-	-	-	-	(10,421,119)
Total other financing sources (uses)	-	(10,421,119)	-	-	-	-	-	-	(10,421,119)
Net changes in fund balances	(16,353)	(1,009,364)	1,590,881	(503,989)	(1,310,109)	(685,052)	1,453,417	3,267	(477,302)
Fund balances – Beginning of year	240,650	35,624,038	34,539,399	5,299,416	(5,590,824)	(1,597,345)	60,628,028	512,662	129,656,024
Fund balances – End of year	\$ 224,297	\$ 34,614,674	\$ 36,130,280	\$ 4,795,427	\$ (6,900,933)	\$ (2,282,397)	\$ 62,081,445	\$ 515,929	\$ 129,178,722

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

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
RECONCILIATION OF THE COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
TO THE COMBINED STATEMENT OF ACTIVITIES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

Statement E

Net changes in fund balance - total governmental funds (Statement D) \$ (477,302)

Amounts reported for governmental activities in the Combined Statement of Activities and Changes in Net Position are different because governmental funds report capital outlay as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets

Capital asset additions	12,894,047
Capital asset disposals	(10,397)
Capital asset transfers	
Depreciation expense	(6,412,589)

Financing is reported as expense in the governmental funds report when current financial resources are used, but are recognized as expense in the Combined Statement of Activities and Changes in Net Position as incurred (1,212,231)

Revenues in the Combined Statement of Activities and Changes in Net Position that do not provide current financial resources are not reported as revenues in the governmental funds (299,048)

Judgements which have been settled for a less amount show a gain in the government-wide financial statements 10,532,619

Expenses previously recognized in the Combined Statement of Activities and Changes in Net Position that use current financial resources are reported as expenses in the governmental funds 10,450,000

Some expenses reported in the Combined Statement of Activities and Changes in Net Position do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds

Compensated absences	(28,683)
Post-employment benefit cost	(1,660,087)

Change in net position after transfers of governmental activities (Statement B) \$ 23,776,329

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

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
COMBINED STATEMENT OF NET POSITION – PROPRIETARY FUNDS
AS OF JUNE 30, 2014**

Statement F

	Major Funds			Non-major funds	Total Proprietary Funds
	Orleans Marina	South Shore Harbor Marina	Lakefront Airport	Lake Vista and New Basin Canal	
Assets					
Current assets					
Receivables, net of allowance for uncollectables accounts	\$ 52,617	\$ 11,837	\$ 184,426	\$ 63,352	\$ 312,232
Due from other governments	49,620	257,454	2,096,244	-	2,403,318
Due from other funds	5,135,652	6,208,904	2,992,025	5,442,117	19,778,698
Other assets	2,268	1,360	40,600	-	44,228
Total current assets	5,240,157	6,479,555	5,313,295	5,505,469	22,538,476
Noncurrent assets					
Land	301,339	3,358,103	15,449,799	2,945,494	22,054,735
Other capital assets, net of depreciation	1,474,298	16,011,218	63,855,036	244,702	81,585,254
Total noncurrent assets	1,775,637	19,369,321	79,304,835	3,190,196	103,639,989
Total assets	7,015,794	25,848,876	84,618,130	8,695,665	126,178,465
Liabilities					
Current liabilities					
Accounts payable	25,958	25,535	9,080	-	60,573
Contracts payable	-	-	802,854	-	802,854
Accrued compensated absences	-	-	24,341	-	24,341
Due to other funds	24,181	3,892,010	11,861,980	855	15,779,026
Other liabilities	12,077	1,500	-	267	13,844
Total current liabilities	62,216	3,919,045	12,698,255	1,122	16,680,638
Noncurrent liabilities					
Deferred revenues	-	-	-	-	-
Post-employment benefit liability	107,509	118,894	349,065	-	575,468
Accrued compensated absences	16,353	8,615	49,419	-	74,387
Total noncurrent liabilities	123,862	127,509	398,484	-	649,855
Total liabilities	186,078	4,046,554	13,096,739	1,122	17,330,493
Deferred Inflows - deferred revenue	-	456,119	219,972	-	676,091
Net position					
Invested in capital assets, net of related debt	\$ 1,775,637	\$ 19,369,321	\$ 79,304,835	\$ 3,190,196	\$ 103,639,989
Unrestricted	5,054,079	1,976,882	(8,003,416)	5,504,347	4,531,892
Total net position	\$ 6,829,716	\$ 21,346,203	\$ 71,301,419	\$ 8,694,543	\$ 108,171,881

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

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN NET POSITION – PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014**

Statement G

	Major Funds			Non-major funds	Total Proprietary Funds
	Orleans Marina	South Shore Harbor Marina	Lakefront Airport	Lake Vista and New Basin Canal	
Operating revenues					
Charges for services					
Rentals	\$ 1,434,669	\$ 583,636	\$ 1,377,190	\$ 985,270	\$ 4,380,765
Fuel from sales and fees	-	-	610,929	-	610,929
Total charges for service	1,434,669	583,636	1,988,119	985,270	4,991,694
Miscellaneous	15,297	3,774	469,365	3,344	491,780
Total operating revenues	1,449,966	587,410	2,457,484	988,614	5,483,474
Operating expenses					
Personnel services	187,212	267,105	859,762	56,210	1,370,289
Travel	73	-	42	-	115
Contractual services	359,720	286,037	1,514,435	112,828	2,273,020
Materials and supplies	23,979	46,827	68,565	742	140,113
Professional services	51,724	55,464	783,017	15,193	905,398
Other charges	36,069	19,935	141,691	-	197,695
Depreciation	72,514	1,285,335	1,675,314	119,012	3,152,175
Major maintenance	-	12,459	-	-	12,459
Total operating expenses	731,291	1,973,162	5,042,826	303,985	8,051,264
Net operating income (loss)	718,675	(1,385,752)	(2,585,342)	684,629	(2,567,790)
Nonoperating revenues					
Grant income	967	7,350	3,528,841	-	3,537,158
Insurance proceeds	-	-	-	-	-
Total nonoperating revenues	967	7,350	3,528,841	-	3,537,158
Changes in net position	719,642	(1,378,402)	943,499	684,629	969,368
Total net position - Beginning of year	6,110,074	22,724,605	70,357,920	8,009,914	107,202,513
Total net position - End of year	\$ 6,829,716	\$ 21,346,203	\$ 71,301,419	\$ 8,694,543	\$ 108,171,881

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

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
COMBINED STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

Statement H

	Major Funds			Non-Major Funds	Total Proprietary Funds
	Orleans Marina	South Shore Harbor Marina	Lakefront Airport	Lake Vista and New Basin Canal	
Cash flows from operating activities					
Receipts from customers	\$ 652,106	\$ 633,429	\$ 3,714,187	\$ 185,174	\$ 5,184,896
Payments to suppliers	(369,771)	(319,525)	(2,653,947)	(113,771)	(3,457,014)
Payments to employees	(195,509)	(233,396)	(872,112)	(56,210)	(1,357,227)
Payments to other sources	(87,793)	(87,858)	(924,708)	(15,193)	(1,115,552)
Transfers	-	-	-	-	-
Net cash used in operating activities	(967)	(7,350)	(736,580)	-	(744,897)
Cash flows from capital and related financing activities					
Proceeds from federal and state grants	967	7,350	3,534,009	-	3,542,326
Purchase of capital assets	-	-	(2,797,429)	-	(2,797,429)
Proceeds from sale of capital assets	-	-	-	-	-
Transfers	-	-	-	-	-
Insurance proceeds	-	-	-	-	-
Net cash provided by capital and related financing activities	967	7,350	736,580	-	744,897
Net change in cash	-	-	-	-	-
Cash– Beginning of year	-	-	-	-	-
Cash– End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 718,675	\$ (1,385,752)	\$ (2,585,342)	\$ 684,629	\$ (2,567,790)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:					
Cash flows reported in other categories					
Depreciation expense	72,514	1,285,335	1,675,314	119,012	3,152,175
Change in assets and liabilities					
Receivables, net	(8,755)	484,088	852,803	(17,781)	1,310,355
Prepaid expenses and other assets	25,704	78,024	623,872	58,996	786,596
Receivables from other funds	(789,584)	(32,490)	-	(844,657)	(1,666,731)
Accounts and other payables	(19,521)	(449,898)	(1,771,533)	(199)	(2,241,151)
Payables to other funds	-	13,343	468,306	-	481,649
Net cash used in operating activities	<u>\$ (967)</u>	<u>\$ (7,350)</u>	<u>\$ (736,580)</u>	<u>\$ -</u>	<u>\$ (744,897)</u>

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

NOTES TO COMBINED FINANCIAL STATEMENTS

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2014

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

For the purposes of this report, the Authority, as a result of LA RS 28:291(G), effective on January 1, 2007, combined the financial activity of the Orleans Levee District, the East Jefferson Levee District, and the Lake Borgne Basin Levee District (collectively, the Levee Districts) with that of the administration arm of the Authority. The governing board administers the operations and responsibilities of the Levee Districts in accordance with the provisions of Louisiana statutes.

- *The Orleans Levee District* (the OLD) was established by 1890 General Assembly of the State of Louisiana. The OLD has primary responsibility for the operation and maintenance of levees, embankments, seawalls, jetties, breakwaters, water basins, and other hurricane and flood protection improvements surrounding the City of New Orleans, including the southern shores of Lake Pontchartrain and along the Mississippi River. The District also has responsibility for operating and maintaining several complex marine structures impacting navigable waterways that are part of the flood protection system. The OLD is responsible for the maintenance of almost 111 miles of levees and floodwalls. Louisiana State Legislature authorized the OLD to dedicate, construct, operate, and maintain public parks, beaches, marinas, aviation fields, and other like facilities. The OLD owns and operates a general aviation airport, the New Orleans Lakefront Airport, as well as the Orleans Marina, the South Shore Harbor Marina, and various other real estate properties. The Orleans Marina has 352 boat slips. The South Shore Harbor Marina, which was officially dedicated September 19, 1987, has a 43-acre calm water basin, 453 open boat slips, and 26 covered boat slips. The OLD has approximately 132 full-time employees, including 22 police officers and 6 firemen.
- *The East Jefferson Levee District* (the EJLD) was created by Louisiana State Legislature on January 1, 1979 from the territory removed from the Pontchartrain Levee District. The East Jefferson Levee District includes all or portions of the following parishes: Jefferson Parish East of Mississippi River, South of Lake Pontchartrain, bordered by St. Charles Parish. The East Jefferson Levee District primarily provides flood protection for those areas contained in the District, and has approximately 60 full-time employees.
- *The Lake Borgne Basin Levee District* (the LBBLD) was created by Louisiana State Legislature in 1892 and is comprised of all the territory contained within the parish of St. Bernard. The District primarily provides flood protection for those areas contained in the District. The LBBLD is responsible for 60 miles of levees, 8 pumping stations, and 53 miles of drainage canals. The LBBLD's office is located in Violet, Louisiana, and employs 34 full-time employees. The LBBLD's operations are funded primarily through ad valorem taxes, state revenue sharing and interest earnings.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2014

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

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

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

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

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

Until December 31, 2006, the Levee Districts were governed by Boards of Commissioners appointed by the governor and local governing authorities. Effective January 1, 2007, the flood control activities of the Levee Districts were governed by the Authority, a newly constituted governing body and the Authority's Board of Commissioners, in accordance with changes in state law approved by the citizenry on September 30, 2006. Significant non-flood facilities and improvements owned by the Orleans Levee District are managed and controlled by the Non-Flood Protection Asset Management Authority Board (Non-Flood Division).

The combined financial Statements of the Authority include all of the Levee Districts subjected to the Authority's governance, as well as the aggregate results of the enterprise fund assets of the OLD, the results for the OLD Real Estate's general fund and the general improvement fund.

The OLD Real Estate fund is organizationally a non-flood control fund and is the administrative fund for the Non-Flood Division; however, it has responsibility not only for the proprietary funds, but also roadways, and public recreation areas along Lake Pontchartrain, all government-type activities. The Real Estate administrative fund is reported with the governmental funds. The General Improvement fund is also managed by the Real Estate fund and organizationally a part of the Non-Flood Division.

The indebtedness of OLD is reported in the governmental operations.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2014

2. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – The government-wide financial statements (i.e., the combined statement of net position and the combined statement of activities and changes in net position) report information about the Authority as a whole. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely primarily on fees and charges for support.

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

Net position is displayed in three components:

- Invested in capital assets – consists of capital assets, net of related debt.
- Restricted – when constraints placed on net position use is either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – all other net position that does not meet the definition of “restricted” or “invested in capital assets.”

Basis of Accounting – In April 1984, the Financial Accounting Foundation established the GASB to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The accompanying combined financial statements have been prepared in accordance with such principles. The accompanying combined financial statements present information only as to the transactions of the Authority as authorized by Louisiana statutes. Basis of accounting refers to when revenues and expenses are recognized and reported in the combined financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Authority are maintained in accordance with applicable statutory provisions and the regulations of the State of Louisiana, Division of Administration, Office of Statewide Reporting and Accounting Policy.

Basic Financial Statements – The basic combined financial statements (i.e., the combined statement of net position and the combined statement of activities and changes in net position) report information on all of the governmental and business-type activities of the Authority. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2014

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. both measurable and available). Measurable means the amount of the transaction can be determined; and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Authority considers most revenues available if they are collected within 60 days after year end. For certain grants for which collectability is assured, but do not meet the availability criteria, the revenue is recorded as deferred revenue. Expenditures generally are recorded when a liability is incurred under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when paid.

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

Fund Balance – In 2012 the Authority adopted the provisions of GASB Codification 1300 *Fund Accounting* and 1800 *Classification and Terminology*, which changed the reporting of fund balance in the balance sheets of governmental fund types. In fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy primarily on the extent to which the Authority is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

- *Nonspendable* – This component consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Authority to assess, levy, change or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.
- *Committed* – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Authority. Those committed amounts cannot be used for any other purpose unless the Authority removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.
- *Assigned* – This component consists of amounts that are constrained by the Authority's intent to be used for specific purposes, but are neither restricted nor committed. The authorization for assigning fund balance is expressed by the Authority or the designee as established in the Authority's Fund Balance Policy.
- *Unassigned* – This component consists of amounts that have not been restricted, committed or assigned to specific purposes within the general fund. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources in the following order: committed resources first, then assigned, and then unassigned as they are needed.

Net Position – In 2012, the Authority adopted GASB Codifications which provided financial reporting guidance for deferred outflows of resources, deferred inflows of resources, and net position. State and

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2014

local governments enter into transactions that result in the consumption or acquisition of assets in one period that are applicable to future periods. GASB Statement No. 63 requires that deferred outflows of resources should be reported in a statement of net position in a separate section following assets and deferred inflows of resources should be reported in a separate section following liabilities. During 2013, the Authority adopted the statement and restated balances previously referred to as net assets to net position.

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. Net position should be displayed in three components – *invested in capital assets, net of related debt* consisting of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets; *restricted* distinguishing between major categories of restrictions and consisting of restricted assets reduced by liabilities and deferred inflows of resources related to those assets; and *unrestricted* consisting of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of invested in capital assets, net of related debt or the restricted component of net position.

Major Funds – The Authority General Fund (Authority GF) is used to account for all financial activity associated with the primary purpose for which the Authority was created.

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

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

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

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

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

The OLD Special Levee Improvement Project (SLIP) Fund is used to account for financial resources received and used for the acquisition, construction, or improvement of capital facilities as well as maintenance of the flood control system.

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

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO COMBINED FINANCIAL STATEMENTS
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The LBBLD Capital Projects Fund is used to account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

The Orleans Marina, the South Shore Harbor Marina, and Lakefront Airport are proprietary funds used for financial resources received and used for the acquisition, construction, or improvement of capital facilities.

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

Cash and Cash Equivalents – For the purpose of the combined statement of cash flows, cash and cash equivalents include all demand accounts and certificates of deposit with an original maturity of three months or less.

Under state law, the Authority may deposit funds in demand deposits, interest bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. State statutes authorize the Authority to invest in United States bonds, treasury notes or certificates. These are classified as investments if the original maturities exceed 90 days. Investments are stated at fair value using published market rates.

Cash and cash equivalents are stated at cost, which approximates market value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of commercial paper held by the state treasurer. The Authority was fully covered by Federal Deposit Insurance Corporation (FDIC) and pledged securities at June 30, 2014.

Investments – Nearly all investments held by general purpose governments are required to be reported at fair value in their basic financial statements by GASB Codification I50 *Investment*.

Receivables – All receivables are shown net of allowance for doubtful accounts.

Interfund Receivables or Payables – The amounts are referred to as either due to or due from other funds, which result from a pooled cash management process. Interfund receivables or payables reflect a cumulative excess of costs (due from) or revenue (due to) generally between the general funds and all other funds. As a general rule, all interfund balances are eliminated in the government-wide financial statements.

Inventory – Supplies and fuel are charged to inventory and expensed when used.

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Capital Assets – Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. The Authority and its related districts have implemented a \$5,000 minimum capitalization threshold. OLD’s capitalization threshold for infrastructure assets is \$2,000,000 to be consistent with the recommendation by the Office of Statewide Reporting and Accounting Policy.

The following are the major classes of capital assets and the related asset lives:

	<u>Years</u>
Land improvements	20
Buildings and building improvements	40
Furniture and fixtures	7-10
Vehicles	7
Equipment	3-20
Infrastructure	40

Compensated Absences – Employees earn and accumulate annual and sick leave of various rates, depending on the years of service, up to a maximum of 300 hours. The cost of leave privileges is recognized as an expense when leave is earned. The combined financial statements present the cost of accumulated annual and compensatory leave as a liability.

Long-term Obligations – In the government-wide combined financial statements, long-term obligations are recognized as liabilities in the applicable governmental activities combined statement of net position.

Combined Balance Sheet – Governmental funds includes a reconciliation of the combined government-wide statements to the combined governmental fund financial statements. This reconciliation is necessary to bring the financial statements from the current financial resources measurement focus and modified accrual basis of accounting to the economic resources measurement focus and full accrual basis of accounting. Major items included in the reconciliation are capital assets, long-term debt, accrued compensated absences, post-employment benefits payable, legal settlement payable, and deferred revenue, which are shown on the government-wide but not the governmental fund statements. The combined statement of revenues, expenditures, and changes in fund balances – governmental funds includes a reconciliation between net changes in fund balances – total governmental funds and change in net position of governmental activities. Governmental funds report capital outlays as expenditures; however, in the combined statement of activities and changes in net position, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. Other differences in recognition include number of months allowed in estimating revenue collections, classification of changes in long term obligations, and post-employment benefit expense.

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B. BUDGETARY ACCOUNTING

Formal budgetary accounting is employed as a management control device during the year for the Authority's General Fund, the OLD General Fund, the LBBLD General Fund, the EJLD General Fund, and the OLD Real Estate Fund.

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

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

All original budgets were adopted on March 21, 2013. The amended budget for Authority GF was adopted on June 19, 2014. The amended budgets for OLD and LBBLD were adopted on May 15, 2014. The amended budget for EJLD was adopted on March 20, 2014. The budgeted amounts are included, respectively, as the original and final budgets in the accompanying Schedule 1.

The most significant changes made are described below:

- *Revenues* – The LBBLD's original budget was \$14,580,500 in revenues and the revised budget was \$3,690,500 reflecting delays in major maintenance funded by grant revenue. Actual results yielded a decrease of \$10,815,137 to the original budget and an increase of \$74,863 to the amended budget mainly due to the increase in governmental revenues. The OLD's original budget was \$17,263,361 and the revised budget was \$22,172,800. Actual results yielded an increase of \$5,391,977 to the original budget and an increase of \$482,538 to the amended budget primarily because of an increase in ad valorem taxes and a \$4,400,000 refund of fees paid to FEMA. The EJLD's original budget was \$9,070,000, while the amended budget had revenues of \$10,361,065. Actual results yielded amounts comparable to the amended budget with a change of \$(36,879). The Authority's original budget called for a total of \$1,452,324, while the amended budget had revenues of \$1,334,150. Actual results yielded amounts comparable to the amended budget with a change of \$(19,586).
- *Expenditures* – The LBBLD's original budget was \$15,087,500 in expenditures while the amended budget was \$4,197,500, with the majority of the difference due to delays in machinery and equipment related expenditures. The actual results yielded an unfavorable variance to the amended budget of \$(49,653). The EJLD's original budget was \$24,851,357 while the amended budget had expenditures of \$10,278,841. Actual results yielded a favorable variance of \$1,907,287 from the amended budget mainly due to delays in the land acquisition and construction of safe house. The Authority's original budget called for a total of \$1,452,224 while the amended budget decreased to \$1,334,050. Actual results yielded amounts comparable to the amended budget with a change of \$3,133. The OLD's original budget was \$16,784,810 while the amended budget was increased to \$24,000,000 mainly due to significant costs for settlement judgments, offset by a decrease in contractual services. Actual results were nearly \$650,000 less than the revised budget with the majority of the variance due to a delay in assuming the Surge Barrier. Combined variances in the final budget amounts and actual

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results are shown in the combined statement of revenues, expenditures, and changes in fund balances – budget and actual – general funds on Schedule 1.

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. Deposits with Financial Institutions

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

Aggregate cash and cash equivalents by entity deposited with financial institutions were as follows:

Authority	\$	100,895
Orleans Levee District		888,427
East Jefferson Levee District		1,136,454
Lake Borgne Basin Levee District		5,203,273
 Total	 \$	 <u>7,329,049</u>

Amounts deposited in banks:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>LAMP</u>	<u>Total</u>
Balance per agency books	\$7,329,049	\$37,332,551	\$91,736,226	\$136,397,826
Deposits in bank accounts per bank	8,021,299	37,332,551	91,736,226	137,090,076
Bank balances of deposits exposed to custodial credit risk:				
a. Deposits not insured and uncollateralized	-	-	-	-
b. Deposits not insured and collateralized with securities held by the pledging institution	-	-	-	-
c. Deposits not insured and collateralized with securities held by the pledging institution's trust department or agency	-	-	-	-

The total bank balances will not necessarily equal the deposits in bank account per the combined statement of net position. Deposits in bank accounts are stated at cost, which approximates market value. Under state law, these deposits are secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance at all times equaled the amount on deposit with the fiscal agent. Because the securities are held by the pledging fiscal agent in the respective District's name, the Authority does not have any custodial credit risk. In addition, the Louisiana Asset Management Pool (LAMP) investments of \$89,681,174 of OLD are

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included in the amounts of cash and cash equivalents because they are readily available and \$2,055,060 are included in restricted investments.

2. Investments – At June 30, 2014, the Authority had invested \$91,736,226 with the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation, organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955. GASB Codifications C20 *Cash Deposits with Financial Institutions* and I50 *Investments*, require disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk for all public entity investments.

LAMP is a money market-like investment pool. The following facts are relevant for money market-like investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5% disclosure requirement.
- Interest rate risk: Money market-like investment pools are excluded from this disclosure requirement, per GASB Codification I50.
- Foreign currency risk: Not applicable to money market-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days. LAMP is designed to be highly liquid to give its participants immediate access to the account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the U.S. Securities and Exchange Commission (SEC) as an investment company. If you have any questions, please feel free to contact the LAMP administrative office at (800) 249-5267.

The Authority also maintains investment accounts as authorized by LA-R.S. 33:2955. As of June 30, 2014, EJLD reported a fair value of \$37,332,551 of certificates of deposits, which are not exposed to custodial credit risk. The certificates are long-term investments with maturities greater than one year.

D. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure, such as bridges, seawalls, roads, and levees, are reported in the combined financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at the estimated fair market value at the date

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of donation. The Authority, and its affiliated districts, range between \$5,000 and \$2,000,000 for the capitalization of assets. In accordance with accounting principles generally accepted in the United States of America and the GASB Codification 2200, governments are required to identify infrastructure assets, including flood control systems. The Authority has recorded the costs of construction for projects identified in its bond documents and will continue to recognize its portion of the cost of infrastructure.

Bridges and roadways	\$ 72,065,171
Parks and recreation	2,639,993
Buildings	<u>1,823,093</u>
Subtotal – other infrastructure assets	<u>76,528,257</u>
Flood protection systems	<u>89,776,359</u>
 Total – infrastructure assets	 <u><u>\$ 166,304,616</u></u>

Accumulated depreciation on infrastructure assets amounted to \$74,992,190 at year-end.

Changes in capital assets for the year ended June 30, 2014 are shown on the following schedule:

	June 30, 2013	Additions	Deletions	June 30, 2014
Capital assets not being depreciated				
Land	\$ 36,103,167	\$ -	\$ -	\$ 36,103,167
Construction in progress	46,876,677	14,824,603	(36,222,428)	25,478,852
Total capital assets not being depreciated	<u>82,979,844</u>	<u>14,824,603</u>	<u>(36,222,428)</u>	<u>61,582,019</u>
Capital assets being depreciated				
Buildings	38,053,200	32,842,184	-	70,895,384
Improvements other than buildings	109,902,125	1,647,473	(102,909)	111,446,689
Equipment	12,494,283	626,452	(10,187)	13,110,548
Infrastructure	164,229,827	2,074,789	-	166,304,616
Total capital assets being depreciated	<u>324,679,435</u>	<u>37,190,898</u>	<u>(113,096)</u>	<u>361,757,237</u>
Less accumulated depreciation for:				
Buildings	15,416,633	1,636,450	-	17,053,083
Improvements other than buildings	74,673,933	2,895,561	-	77,569,494
Equipment	9,684,626	725,206	(8,756)	10,401,076
Infrastructure	70,791,382	4,200,808	-	74,992,190
Total accumulated depreciation	<u>170,566,574</u>	<u>9,458,025</u>	<u>(8,756)</u>	<u>180,015,843</u>
 Total capital assets, being depreciated, net	 <u>154,112,861</u>	 <u>27,732,873</u>	 <u>(104,340)</u>	 <u>181,741,394</u>
 Total capital assets	 <u><u>\$ 237,092,705</u></u>	 <u><u>\$ 42,557,476</u></u>	 <u><u>\$(36,326,768)</u></u>	 <u><u>\$ 243,323,413</u></u>

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E. INVENTORY

Two of the Districts maintain a perpetual inventory system for fuel and supplies. The inventory is recorded as an expense at the time the individual items are withdrawn from stock. The inventory is valued at average cost. The year-end balance consisted of supplies and fuel that could be needed at any time.

F. RESTRICTED ASSETS

Restricted assets at June 30, 2014, as shown on Statement A, amounted to \$4,247,052. Restricted assets consisted of \$760,372 in OLD General fund and \$1,094,680 in OLD SLIP in conjunction with the agreement divesting Algiers Levee District from the Authority for its share of the note payable due to the State and \$200,000 dedicated to contingent liabilities. Additionally, \$2,192,000 held in escrow is payable to the Army Corps Engineers for East Jefferson Levee District's share of future federal levee projects.

G. COMPENSATED ABSENCES

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

The cost of leave privileges, computed in accordance with GASB Codification Section C60 *Compensated Absences*, is recognized as an expense when leave is earned. The combined financial statements present the cost of accumulated annual and compensatory leave as a liability. There is no liability for unpaid accumulated sick leave since the Authority does not have a policy to pay this amount when employees separate from service. The combined value of accrued annual leave and compensatory leave at June 30, 2014 was \$1,115,142.

H. RETIREMENT SYSTEM

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

All full-time employees are eligible to participate in the System. Benefits vest after five or ten years of service, at retirement age, depending on hire date. Regular members of LASERS hired on or before June 30, 2006 are entitled to annual benefits equal to 2.5% of the highest consecutive 36 months average salary multiplied by the years of credited service. Also, regular members hired before July 1, 1986 are entitled to an additional \$300 per year. Regular members hired on or after July 1, 2006, are entitled to annual benefits equal to 2.5% of the highest successive 60 months average salary multiplied by the years of credited service.

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Regular members hired on or before June 30, 2006, may retire of (a) any age with thirty years of service, (b) age 55 with twenty-five years of service, or (c) age sixty with ten years of service. In addition, those members have the option of reduced benefits at any age with twenty years of service. Regular members hired on or after July 1, 2006 may retire at age 60 with five years of service or at any age with the option of reduced benefits with twenty years of service. The System also provides a death and disability benefit. Benefits are established by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which may be obtained by writing to the Louisiana State Employees' Retirement System, P.O. Box 44213, Baton Rouge, LA 70804 or by calling (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, if they were hired prior to July 1, 2006 and 8% after July 1, 2006. The employer contribution rate for the fiscal year ending June 30, 2014 was 31.3%. The contribution rates for fiscal years ended June 30, 2013 and 2012 were 29.1% and 25.6% respectively. The aggregate contribution to the System for the years ending June 30, 2014, 2013, and 2012 were \$2,762,567, \$2,391,727, and \$2,084,690, respectively, equal to the required contributions for each year.

I. OTHER POST-EMPLOYMENT BENEFITS

Substantially, all Authority employees become eligible for post-employment healthcare and life insurance benefits if they reach normal retirement age while working for the Authority. The employer provides these benefits for retirees and similar benefits for active employees through OGB and/or an independent insurer. The premiums are paid jointly by the retiree and the employer.

Post-employment Healthcare Plan

Plan Description: The Office of Group Benefits (OGB) of the State of Louisiana, administered by Blue Cross Blue Shield of Louisiana, currently provides healthcare benefits to eligible retired OLD employees, their dependents, and surviving spouse. During the year ended June 30, 2013, OLD moved its OPEB accounts from a privately run plan to the OGB plan run by the State and administered by Blue Cross Blue Shield of Louisiana. The resulting change in administrators led to the considerable decrease in liability seen below.

The EJLD's defined benefit healthcare plan, currently provided by Coventry, provides medical benefits to active and eligible retired EJLD employees and the employees' beneficiaries. The EJLD members receiving benefits contribute \$248 per month for retiree-only coverage or \$511 per month for retiree and spouse.

LBBLD and OLD employees participate in the State's Other Post-employment Benefit Plan (OPEB Plan or the Plan), an agent multiple-employer, defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees, and their beneficiaries. Blue Cross Blue Shield of Louisiana administers the Plan for the OGB. Louisiana RS 42:801-883 provides the OGB the authority to establish and amend benefit provisions of the Plan. The OGB does not issue a publicly available financial report of the OPEB Plan; however, it is included in the Louisiana Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.aov/osrap.

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The contribution requirements of plan members, LBBLD, and OLD are established and may be amended by Louisiana RS 42:801-883. Employees do not contribute to the post-employment benefit cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the Plan and if the member has Medicare coverage. The OGB offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Medical Home HMO (Retirees Only) Plan, and the Consumer Driven Health Plan with HAS (Actives Only). Depending upon the Plan selected, during fiscal year 2014 employee premiums for a single member receiving benefits range from \$83 to \$86 per month for retiree-only coverage with Medicare, to \$134 to \$142 per month for retiree-only coverage without Medicare. The fiscal year 2014 premiums for retiree and spouse range from \$1485 to \$160 per month for both retiree and spouse with Medicare, to \$302 to \$316 per month for retiree or spouse with Medicare to \$434 to \$459 per month for those without Medicare.

The Plan is currently financed on a pay as you go basis, with the LBBLD and OLD contributing anywhere from \$248 to \$257 per month for retiree-only coverage with Medicare or from \$864 to \$911 per month for retiree-only coverage without Medicare, during fiscal year 2014. Also, the LBBLD and OLD's contributions range from \$444 to \$461 per month for both retiree and spouse with Medicare to \$905 to \$948 per month for retiree or spouse with Medicare to \$1,327 to \$1,399 for retiree and spouse without Medicare.

Post-employment Life Insurance Benefits

For OLD and LBBLD, the OGB provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life and Employee Accidental Death and Dismemberment (AD&D) coverage, which is underwritten by the Prudential Insurance Company of America. The total premium is approximately \$1.08 per thousand dollars of coverage of which the employer pays one half of the premium. Maximum coverage is capped at \$50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with AD&D coverage ceasing at age 70 for retirees. Members become eligible for life insurance benefits upon retirement where the retiree has met 10 years of service and 62 years of age, or 25 years of service at any age. The amount of coverage is based on the retiree's annual salary prior to retirement. Members are responsible for half of the insurance premium equal to the premium at time of retirement.

Under the provisions of the EJLD Group Life insurance program, premium rates are adjusted every five years to reflect an increase in cost as retirees move from one age group to another. Coverage is based on the retiree's salary at the time of retirement, up to a maximum of \$50,000. Retirees contribute 50% of the monthly premium cost based on their coverage amount.

Annual Other Post-Employment Benefit (OPEB) Cost – The annual required contribution (the ARC) is an amount actuarially determined in accordance with the parameters of GASB Codification P50 *Postemployment Benefits Other Than Pensions – Employer Reporting*. For the year ended June 30, 2014, the OLD's annual OPEB cost for the post-employment healthcare plan recognized in the combined statement of activities and changes in net position of \$1,668,505 was equal to the ARC. The EJLD's annual OPEB cost of \$99,224 and the LBBLD's annual cost of \$259,300 for healthcare costs were equal to the ARC.

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Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the July 1, 2013 actuarial valuation, the entry age actuarial cost method was used; the actuarial assumptions included 4.0% investment rate of return (net of administrative expenses). The actuarial value of the healthcare plan's assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The OLD and EJLD's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at June 30, 2013 was 30 years.

In the most recently issued actuarial valuation, dated July 1, 2013, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 6.0% and 8.0% eligible for pre-Medicare and Medicare, respectively, scaling down to ultimate rates of 4.5% per year. The Authority's unfunded actuarial accrued liability is being amortized as a level percentage of payrolls on an open basis. The remaining amortization period at July 1, 2013 was 30 years.

Benefits paid in 2014 by the OLD totaled \$747,491 for the 101 retirees. Employees hired January 1, 2010 or later, who are eligible for Medicare will not be eligible for the OLD's health insurance plan. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the EJLD. Benefits paid by EJLD for the year ended June 30, 2014 totaled \$36,467 for the 17 retirees.

The OLD's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended June 30, 2014 were:

Normal cost	\$	400,300
30-year UAAL amortization amount		1,268,205
Interest on the above		-
Annual required contribution (ARC)	\$	1,668,505

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The following table presents the OLD's OPEB obligation for the year ended June 30, 2014:

Beginning net OPEB obligation, July 1, 2013	\$	6,442,701
Annual required contribution		1,668,505
Interest on net OPEB obligation		257,708
Adjustment to ARC		<u>(162,823)</u>
OPEB cost		8,206,091
Contributions made (retiree cost)		<u>(747,491)</u>
 Ending net OPEB obligation, June 30, 2014	 \$	 <u>7,458,600</u>

The funded status of the OLD healthcare and life insurance plan as of the June 30, 2013 actuarial report was as follows:

Actuarial accrued liability (AAL)	\$	7,458,600
Actuarial value of plan assets		<u>-</u>
 Unfunded actuarial accrued liability (UAAL)	 \$	 <u>7,458,600</u>
 Funded ratio (actuarial value of plan assets/AAL)		 0%
Covered payroll (active plan members)	\$	5,998,662
UAAL as a percentage of covered payroll		124%

The OLD Schedule of Funding Progress for OPEB Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
6/30/2014	\$ -	\$ 21,929,219	\$ 21,929,219	0%	\$ 5,998,662	366%
6/30/2013	-	21,929,219	21,929,219	0%	5,905,210	371%
6/30/2012	-	21,929,219	21,929,219	0%	6,011,345	365%

The actuarial valuation reported in the fiscal 2014 report reflects values at the beginning of the fiscal year, explaining the apparent lag in describing the divergent insurance plans. The District is looking into the actuarial assumptions that resulted in the significant decline in estimated obligations.

The EJLD's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2014 were as follows:

Normal cost	\$	42,597
30-year UAL amortization amount		56,627
Interest on the above		<u>-</u>
 Annual required contribution (ARC)	 \$	 <u>99,224</u>

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The following table presents the EJLD's OPEB obligation for the year ended June 30, 2014:

Beginning net OPEB obligation, July 1, 2013	\$ 770,660
Annual required contribution	99,224
Interest on net OPEB obligation	27,738
Adjustment to ARC	<u>(40,103)</u>
OPEB cost	857,519
Contributions made (retiree cost)	<u>(36,467)</u>
Ending net OPEB obligation, June 30, 2014	<u>\$ 821,052</u>

The funded status of the EJLD's plan for medical and life benefits as of the June 30, 2013 actuarial report was as follows:

Actuarial accrued liability (AAL)	\$ 821,052
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 821,052</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 2,524,101
UAAL as a percentage of covered payroll	33%

The EJLD Schedule of Funding Progress for OPEB Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
6/30/2013	\$ -	\$ 821,052	\$ 821,052	0%
6/30/2012	-	979,193	979,193	0%
6/30/2011	-	979,193	979,193	0%

The LBBLD's total ARC for the year beginning July 1, 2013 is \$288,900 as set forth below.

Normal cost	\$ 126,900
30-year UAL amortization amount	132,400
Interest on the above	<u>-</u>
Annual required contribution (ARC)	<u>\$ 259,300</u>

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2014**

The following table presents the LBBLD's OPEB obligation for the fiscal year 2014:

Beginning net OPEB obligation, July 1, 2013	\$ 2,656,696
Annual required contribution	259,300
Interest on net OPEB obligation	381,198
OPEB cost	<u>3,297,194</u>
Contributions made (retiree cost)	<u>(48,594)</u>
 Ending net OPEB obligation, June 30, 2014	 <u>\$ 3,248,600</u>

The funded status of the LBBLD's plan as of the June 30, 2014 actuarial report was as follows:

Actuarial accrued liability (AAL)	\$ 3,248,600
Actuarial value of plan assets	<u>-</u>
 Unfunded actuarial accrued liability (UAAL)	 <u>\$ 3,248,600</u>
 Funded ratio (actuarial value of plan assets/AAL)	 0%
Covered payroll (annual payroll of active employees covered by the Plan)	\$ 1,181,574
UAAL as a percentage of covered payroll	275%

The LBBLD Schedule of Funding Progress for OPEB Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
6/30/2014	\$ -	\$ 3,248,600	\$ 3,248,600	0%	\$ 1,181,574	275%
6/30/2013	-	3,567,400	3,567,400	0%	1,075,400	332%
6/30/2012	-	3,530,500	3,530,500	0%	1,156,100	305%

J. LEASES – OPERATING LEASES

The Orleans Levee District leases boat slips, boathouses, and building space to certain parties under operating leases. At June 30, 2013, the total cost of the land, buildings and improvements leased to others is \$142.4 million with \$73.8 million net of related accumulated depreciation. Current year rents amount to \$4.4 million. The amount derived from contingent rent increases was negligible. The amounts reported represent rents due on non-cancelable leases currently in effect. Future minimum rental payments to be received under these operating leases are as follows:

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2014

2014	\$	4,021,442
2015		2,076,826
2016		1,862,751
2017		1,445,092
2018		920,917
2020-2024		2,839,152
2025-2029		2,201,121
2030-2034		1,935,657
Remainder of term		2,450,308
Total		\$ 19,753,266

K. LONG-TERM OBLIGATIONS

Loans from the State of Louisiana – On July 19, 2006, the Orleans Levee District entered into a Cooperative Endeavor Agreement (CEA) with the State of Louisiana constituting a loan agreement (Gulf Opportunity Zone Bond loan) between the two parties wherein the State loaned to the District \$26,125,671 for the sole purpose of paying the debt service on the then outstanding 1986 and 1996 Series, Special Levee and Public Improvement bonds. The Public Improvement Bonds were reported on the proprietary funds until the reorganization of the Orleans Levee District in fiscal 2007. The Flood Control Division Assumed the Public Improvement Bonds effective within the reorganization of the District. All of these bonds were retired by March 2012.

As part of the re-organization of the Orleans Levee District mandated by legislation and constitutional amendment, the OLD's La. R.S. 39:1430 assets are managed by the Non-Flood Asset Management Authority.

The terms of the loan include a maturity date of 20 years from the issuance of the loan, July 19, 2006. In the first five years, neither principal nor interest were payable. The agreement states that the loan bears interest at a fixed rate of 4.64% and shall be repaid in level installments over the remaining 15 years of the agreement's term. The funds were required to be used solely for payment of debt service on the identified bonds. The agreement further states that repayment of the loan should be made from available revenues of the District as the sole source of repayment which is subordinated to the existing obligations of the District as permitted by La. R.S. 39:1430. La. R.S. 39:1430 further states, in summary, that the debt service is required to be paid out of income, revenues, and receipts derived or received from the properties and facilities related to the La. R.S. 39:1430 assets. Management is of the opinion that since the Orleans Levee District has no available funds from its La. R.S. 39:1430 assets, no funds are currently available to pay down this loan as of June 30, 2014. To date, the District has not set aside any funds for the payment of this debt service from available tax revenues other than the amounts that were escrowed at the time of the Compromise and Settlement Agreement with Algiers Levee District which related to the Algiers allocated portion of the debt.

OLD has not made any principal or interest payments on this loan to date. The OLD has continued to attempt to negotiate the forgiveness of these bonds with the State of Louisiana but has been unsuccessful to date. Accordingly, management has reported this note payable of \$26,125,671 and related accrued

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2014

interest payable of \$3,586,183 as long-term in the accompanying combined statement of net position. The State, however, has classified the entire amount as long term.

The following is the schedule of the future minimum payments based on the CEA debt amortization schedule as of June 30, 2014 adjusted for a delay in repayment:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Pre-2015	\$ 2,545,518	\$ 3,586,183	\$ 6,131,701
2015	1,362,013	1,094,120	2,456,133
2016	1,425,210	1,030,922	2,456,132
2017	1,491,340	964,792	2,456,132
2018	1,560,538	895,594	2,456,132
2019	1,632,947	823,186	2,456,133
2020-2024	9,374,072	2,906,582	12,280,654
2025-2029	6,734,033	634,364	7,368,397
Total	<u>\$ 26,125,671</u>	<u>\$ 11,935,743</u>	<u>\$ 38,061,414</u>

Changes in Long-Term Obligations – The following schedules summarize the changes in long-term debt during the year ended June 30, 2014:

	<u>June 30, 2013</u>	<u>Additions</u>	<u>Retirement</u>	<u>June 30, 2014</u>	<u>One Year</u>
Governmental Activities:					\$
Long term borrowing from State of Louisiana	\$26,125,671	\$ -	\$ -	\$26,125,671	-
Total notes payable	26,125,671	-	-	26,125,671	-
Compensated absences	1,031,001	298,592	(313,179)	1,016,414	48,770
Interest payable	2,341,822	1,244,361	-	3,586,183	-
Judgments	21,182,620	-	(20,982,620)	200,000	-
Post-employee benefit liability	9,294,589	1,594,594	-	10,889,183	-
Governmental activities total	59,975,703	3,137,547	(21,295,799)	41,817,451	48,770
Business-Type Activities:					
Compensated absences	110,618	2,885	(14,775)	98,728	24,341
Post-employment benefit liability	575,468	-	-	575,468	-
Total long term obligations	\$ 686,086	\$ 2,885	\$ (14,775)	\$ 674,196	\$ 24,341

L. CONTINGENT LIABILITIES

A variety of claims have been made against the Authority and its districts in a number of pending lawsuits. Management has regular litigation reviews, including updates from outside counsel, to assess

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2014

the need for accounting recognition or disclosure of these contingencies. The Authority accrues an undiscounted liability for those contingencies when the incurrence of a loss is probable and the amount can be reasonably estimated. If a range of amounts can be reasonably estimated and no amount within the range is a better estimate than any other amount, then the minimum of the range is accrued. The Authority does not record liabilities when the likelihood that the liability has been incurred is probable, but the amount cannot be reasonably estimated or when the liability is believed to be only reasonably possible or remote. For contingencies where an unfavorable outcome is reasonably possible and which are significant, the Authority discloses the nature of the contingency and, where feasible, an estimate of the possible loss. For purposes of our contingency disclosures, “significant” includes material matters as well as other matters which management believes should be disclosed. The Authority and its districts will continue to defend itself vigorously in these matters. Based on a consideration of all relevant facts and circumstances, the Authority does not believe the ultimate outcome of any currently pending lawsuit against the Authority will have a material, or adverse effect upon the Authority’s operations, financial condition, or financial statements taken as a whole.

Bohemia Spillway Litigation – Numerous lawsuits have been filed by individuals and various statutes have been passed by the Louisiana Legislature concerning the return of certain expropriated properties in the Bohemia Spillway and the payment of royalties and rents derived from these properties to the original owners of the properties. Upon the return of the property, the OLD is required to return the royalties, and other similar revenues, collected since June 29, 1984, until the date of transfer.

In this fiscal year a settlement was reached with Haspel & Davis class satisfying that judgment and resulting in the elimination of the related liability. Multiple settlements totaling \$10.4 million along with reductions in estimated contingent liabilities, resulted in recognition of a \$10.8 million gain in the net position of the Authority for the year ended June 30, 2014.

M. RELATED PARTY TRANSACTIONS – N/A

N. ACCOUNTING CHANGES – N/A

O. IN-KIND CONTRIBUTIONS – N/A

P. DEFEASED ISSUES – N/A

Q. REVENUES - PLEDGED OR SOLD – N/A

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

The Authority participates in a number of federally-assisted grant programs. The programs are subject to compliance audits under the Office of Management and Budgets Circular A-133. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. The Authority believes that the amount of disallowances, if any, which may arise from future audits, will not be material.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2014**

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

T. SHORT-TERM DEBT – N/A

U. DISAGGREGATION OF RECEIVABLE BALANCES

The following table displays the June 30, 2014 balances in receivables by each District's governmental activities:

	<u>OLD</u>	<u>EJLD</u>	<u>LBBLD</u>	<u>Proprietary</u>	<u>Total</u>
Ad valorem taxes	\$ 1,535,638	\$ -	\$ -	\$ -	\$ 1,535,638
Customers and other, net of allowance for doubtful accounts	<u>730,016</u>	<u>-</u>	<u>25,405</u>	<u>312,235</u>	<u>1,067,656</u>
	<u>\$ 2,265,654</u>	<u>\$ -</u>	<u>\$ 25,405</u>	<u>\$ 312,235</u>	<u>\$ 2,603,294</u>

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

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

Louisiana Constitution provides that the OLD may levy an annual tax not to exceed 2.5 mills to construct and maintain levees, levee drainage, flood protection, hurricane flood protection, and all other incidental purposes. If the OLD needs to raise additional funds in excess of the amount authorized by the constitution, the taxes in excess of 2.5 mills must be approved by a majority vote of the electors of Orleans Parish. By 1983, the 2.5 mill constitutional tax was reestablished at 5.05 mills and the special levee improvement tax was reestablished at 6.07 mills.

By general election held in the City of New Orleans in 1983, the voters of Orleans Parish elected to continue the 6.07 mill ad valorem tax on assessed property for 30 years (1985-2015) to finance hurricane and flood protection projects and fund the retirement of levee improvement bonds. The electorate also approved an ongoing maintenance tax of 0.75 mills for maintaining the flood protection system.

On November 6, 2012, the citizens of the City of New Orleans voted to approve a renewal and rededication of the 6.07 mill tax for an additional 30 years. This included 5.46 mills dedicated to constructing and maintaining levees, levee drainage, flood protection, hurricane flood protection, and all other purposes incidental thereto including debt service payments, as well as 0.61 mills for operation and maintenance of non-revenue producing assets not directly related to drainage, flood control, or water resources development pertaining to tidewater flooding, hurricane control, or saltwater intrusion.

The OLD collects three ad valorem taxes: constitutional, maintenance and special levee improvement tax. All tax other than provided in constitution must have approval of the voters of Orleans Parish. The citizens of New Orleans did approve the special levee improvement and maintenance tax. The millages are currently as shown in the table below:

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2014

	Authorized	Levied 2013
Parish-wide taxes:		
Constitutional	5.46	5.46
Maintenance	0.75	0.75
Levee improvement	5.46	5.46
	11.67	11.67

At June 30, 2014, approximately \$809,192 of property taxes has been paid under protest and is, therefore, not recorded in the financial statements.

East Jefferson Levee District – The Louisiana Constitution provides that for the purpose of constructing and maintaining levees, levee drainage, flood protection, hurricane flood protection, and all other purposes incidental thereto, the levee districts may levy annually a tax not to exceed five mills. If the EJLD needs to raise additional funds in excess of the amount collected constitutionally, the taxes in excess of five mills must be approved by a majority vote of the electors. The following table shows the maximum rates as well as the rates billed in 2014:

	Authorized	Levied 2013
Parish-wide taxes:		
Constitutional	5.00	3.91
	5.00	3.91

Lake Borgne Basin Levee District – The Louisiana Constitution provides that for the purpose of constructing and maintaining levees, levee drainage, flood protection, hurricane flood protection, and all other purposes incidental thereto, the levee districts may levy annually a tax not to exceed five mills. If the LBBLD needs to raise additional funds in excess of the amount collected constitutionally, the taxes in excess of five mills must be approved by a majority vote of the electors.

The following table shows the maximum rates as well as the rates billed in 2014:

	Authorized	Levied 2013	Effective Years
Parish-wide taxes:			
Constitution	3.83	3.83	
General election	3.00	3.00	2005 - 2014
General election	4.27	4.27	2011 - 2020
	11.10	11.10	

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2014

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2014 were as follows:

	Authority	GF	OLD	EJLD	LBBLD	Proprietary	Total
Vendors and employees	\$	75,795	\$ 1,361,763	\$ 231,384	\$ 63,253	\$ 60,573	\$ 1,792,768
Contracts payable		-	2,548,202	-	-	802,854	3,351,056
	\$	75,795	\$ 3,909,965	\$ 231,384	\$ 63,253	\$ 863,427	\$ 5,143,824

All amounts are payable within one year.

Due from other governments represents amounts to be received from Federal Emergency Management Agency. As of June 30, 2014, the Authority had a balance of \$3,229,832 due from other governments. The balance due to other agencies was \$2,429,918 as of June 30, 2014, of which \$2,192,000 was due to the Army Corps of Engineers.

W. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 10, 2014, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

X. SEGMENT INFORMATION – N/A

Y. DUE TO/DUE FROM AND TRANSFERS – STATE OF LOUISIANA

The following is a list by fund types the amounts due from other funds detailed by individual fund at fiscal year-end. (Types of funds include general fund, statutory dedicated funds, discrete component unit funds, etc.).

Due from State of Louisiana (included in due from other governments)

To OLD SLIP	\$ 23,700
To South Shore Harbor	3,037
To Lake Front Airport	44,476
To OLD General Fund	161,435
	<u>\$ 232,648</u>

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2014**

Operating Transfers from the State of Louisiana

Included in unrestricted intergovernmental revenues:

State Revenue Sharing:	
East Jefferson Levee District	\$ 531,692
Lake Borgne Levee District	163,000
Orleans Levee District	1,296,621
	<u>\$ 1,991,313</u>

Included in Capital grants and contributions:

State Grants:	
Lakefront Airport	\$ 13,359
OLD SLIP	112,906
	<u>\$ 126,265</u>

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Liabilities payable from restricted assets at June 30, 2014 include amounts included in the agreement divesting Algiers Levee District from the Authority for its share of the note payable of \$2,055,060 due to the State, as well as \$2,192,000 held in escrow is payable to the Army Corps Engineers for East Jefferson Levee District’s share of future federal levee projects held in escrow.

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

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

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

DD. EMPLOYEE TERMINATION BENEFITS – N/A

EE. POLLUTION REMEDIATION OBLIGATIONS – N/A

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

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

Schedule 1

	Budgeted Amounts		Actual	Variances with
	Original	Final	Amounts	Final Budget (Unfavorable)
Revenues				
Taxes	\$ 26,732,000	\$ 26,732,000	\$ 28,469,453	\$ 1,737,453
Intergovernmental	13,465,522	2,028,012	2,075,695	47,683
Charges for service				
Permits	24,399	24,399	24,399	-
Oil and gas royalties	253,816	253,816	465,125	211,309
Investment income	78,396	78,396	955,813	877,417
Cost sharing allocations from affiliates	560,200	499,100	1,245,679	746,579
Miscellaneous	378,686	471,711	593,669	121,958
Total revenues	41,493,019	30,087,434	33,829,833	3,742,399
Expenditures				
Flood and drainage protection				
Personnel services	17,833,424	17,683,114	16,199,524	1,483,590
Travel	68,554	69,554	195,021	(125,467)
Contractual services	7,075,138	8,615,647	2,705,471	5,910,176
Police services	-	-	987,606	(987,606)
Materials and supplies	1,459,877	1,507,677	1,822,232	(314,555)
Professional services	3,421,757	1,644,457	1,458,300	186,157
Other charges	3,345,034	2,107,667	672,165	1,435,502
Cost sharing allocations to affiliates	451,996	253,533	576,863	(323,330)
Machinery and equipment	11,969,581	1,972,225	1,373,433	598,792
Miscellaneous	51,711	43,911	6,431	37,480
Total expenditures	45,677,072	33,897,785	25,997,046	7,900,739
Excess of revenues over expenditures	(4,184,053)	(3,810,351)	7,832,787	11,643,138
Other financing sources (used)				
Sale of capital assets	100,000	100,000	-	(100,000)
Major maintenance	-	-	-	-
Debt services	-	-	-	-
Transfer to affiliates	-	-	-	-
Litigation payments	(250,000)	(10,446,500)	(10,421,119)	25,381
Total other financing used	(150,000)	(10,346,500)	(10,421,119)	(74,619)
Net changes in fund balances	(4,334,053)	(14,156,851)	(2,588,332)	11,568,519
Fund balance - Beginning of year	70,112,679	70,112,679	70,112,679	-
Fund balance - End of year	\$ 65,778,626	\$ 55,955,828	\$ 67,524,347	\$ 11,568,519

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

**Annual Fiscal Report to the Office of the Governor,
Division of Administration, Office of Statewide
Reporting and Accounting Policy
as of June 30, 2014
and for the Year Then Ended**

SOUTHEAST FLOOD PROTECTION AUTHORITY – EAST
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

Current assets	
Cash and cash equivalents	\$ 97,010,223
Investments	35,140,551
Receivables	2,603,294
Other receivables	-
Due from other governments	3,229,832
Inventory	510,174
Other assets	618,620
Restricted assets	4,247,052
Total current assets	<u>143,359,746</u>
Noncurrent assets	
Capital assets (net of depreciation)	
Land	36,103,167
Buildings	56,152,135
Improvements other than buildings	33,280,127
Movable property	2,831,502
Infrastructure	89,477,628
Construction in progress	25,478,854
Total noncurrent assets	<u>243,323,413</u>
Total assets	<u>\$ 386,683,159</u>
Liabilities	
Current liabilities	
Payables	\$ 1,792,768
Contracts payable	3,351,056
Accrued compensated absences	73,111
Due to other agencies	2,429,918
Other liabilities	13,844
Total current liabilities	<u>7,660,697</u>
Noncurrent liabilities	
Accrued compensated absences	1,042,031
Accrued interest payable	3,586,183
Notes payable, net of current portion	26,125,671
Judgment and legal claims payable, net of current portion	200,000
Post employment benefits payable	11,464,651
Total noncurrent liabilities	<u>42,418,536</u>
Total liabilities	50,079,233
Deferred inflows - Deferred revenue	712,266
Invested in capital assets, net of related debt	243,323,413
Restricted for:	
Debt service	2,055,060
Other reservations	2,192,000
Unrestricted	88,321,187
Total net position	<u>335,891,660</u>
Total liabilities and net position	<u>\$ 386,683,159</u>

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

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

Operating revenues	
Charges for services	\$ 5,589,178
Miscellaneous	2,161,062
Total operating revenues	<u>7,750,240</u>
Operating expenses	
Cost of services	38,570,203
Depreciation	9,564,764
Total operating expenses	<u>48,134,967</u>
Operating income (loss)	(40,384,727)
Non-operating revenues (expenses)	
Taxes	42,660,318
Intergovernmental revenues	1,999,044
Investment earnings	976,693
Operating grants	124,699
Other	-
Total non-operating revenues (expenses)	<u>45,760,754</u>
Income before contributions and transfers	5,376,027
Capital contributions from federal grants	5,603,990
Interest income (expense)	(1,212,231)
Gain on extinguishment of debt	10,532,620
FEMA reimbursement	4,445,291
Total capital contributions	<u>19,369,670</u>
Change in net position	<u>24,745,697</u>
Transfers	-
Change in net position after transfers	<u>24,745,697</u>
Net position - Beginning of year	<u>311,145,963</u>
Net position - End of year	<u><u>\$ 335,891,660</u></u>

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

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

Cash flows from operating activities	
Cash received from customers	\$ 5,022,255
Cash received from miscellaneous sources	2,161,062
Cash payments for inventory and other assets	857,932
Cash payments to suppliers for goods and services	(21,118,622)
Cash payments to employees for services	(16,001,696)
Net cash used in operating activities	<u>(29,079,069)</u>
Cash flows from noncapital financing activities	
Receipts from taxpayers	42,660,318
Receipts from intergovernmental revenues	2,123,743
Receipts from other sources	-
Receipts from investment earnings	976,693
Net cash provided by noncapital financing activities	<u>45,760,754</u>
Cash flows from capital and related financing activities	
Proceeds from federal and state grants	6,978,346
Purchase of capital assets	(15,691,476)
FEMA reimbursement	4,445,291
Gain on extinguishment from debt	(10,532,620)
Net cash used in capital and related financing activities	<u>(14,800,459)</u>
Cash flows from investing activities	
Net purchase of investment securities	(1,803,271)
Net cash used in investing activities	<u>(1,803,271)</u>
Net decrease in cash and cash equivalents	77,955
Cash and equivalents - Beginning of year	<u>96,932,269</u>
Cash and equivalents - End of year	<u>\$ 97,010,224</u>

(Continued)

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

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

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

Operating loss	\$ (40,384,727)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	9,564,764
Changes in assets and liabilities:	
Receivables, net	(566,923)
Inventory	13,671
Other assets	844,261
Accounts and other payables	(118,232)
Accrued compensated absences	(26,477)
Post employment benefit liability	1,594,594
Net cash used in operating activities	\$ (29,079,069)

(Concluded)

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

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2014**

The schedule of per diem payments to the Southeast Louisiana Flood Protection Authority – East Board of Commissioners members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Authority members are paid per diem for each meeting they attend, as authorized by LA RS 38:330.1.

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

Timothy P. Doody	\$	4,002
Stephen Estopinal		4,174
John M. Barry		1,066
Joe Hassinger		-
Wilton (Paul) Tilley		4,013
Kelly McHugh		1,732
David P. Barnes, Jr.		344
Richard A. Luetlich, Jr.		-
Louis E. Wittie		4,174
Paul Kemp		3,347
Jefferson Angers		1,721
Richard Leuttich, Jr.		2,964
Ricardo Pineda		516
Tyrone Ben		-
		-
	\$	28,053

Orleans Levee District – Non-Flood Protection Asset Management Authority Members were paid during the year as follows:

Romona Theresa Baudy	\$	0
Stanley P. Brien		0
Pearl M. Cantrelle		0
Patrick D. DeRouen, Esq.		0
Carlton Dufrechou		0
Greg Ernst		0
Eugene J. Green, Jr.		0
Wilma Heaton		0
William Hoffman		0
Robert E. Smith Lupo		0
Darrel Saizan		0
Nyka Scott		0
Michael Stack		0
John B. Trask		0
		0
	\$	0

See independent auditors' report.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
 SCHEDULE OF STATE FUNDING
 FOR THE YEAR ENDED JUNE 30, 2014**

<u>Description of Funding</u>		<u>Amount</u>
1	Cooperative Agreement / Loan Agreement relating to debt refinancing and assistance to subdivisions with debt service.	
2		
		\$ 26,125,671
3		
4		
5		
6		
7		
8		
Total		\$ 26,125,671

See independent auditors' report.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
 SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION
 FOR THE YEAR ENDED JUNE 30, 2014**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
<u>2014</u>	_____	_____
<u>2015</u>	_____	_____
<u>2016</u>	_____	_____
<u>2017</u>	_____	_____
<u>2018-2022</u>	_____	_____
<u>2023-2027</u>	_____	_____
<u>2028-2032</u>	_____	_____
<u>2033-2037</u>	_____	_____
<hr style="border-top: 3px double #000;"/>		
<u>TOTAL</u>	NONE	NONE

See independent auditors' report.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
SCHEDULE OF CAPITAL LEASE AMORTIZATION
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Fiscal Year</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
<u>2014</u>	_____	_____	_____	_____
<u>2015</u>	_____	_____	_____	_____
<u>2016</u>	_____	_____	_____	_____
<u>2017</u>	_____	_____	_____	_____
<u>2018-2022</u>	_____	_____	_____	_____
<u>2023-2027</u>	_____	_____	_____	_____
<u>2028-2032</u>	_____	_____	_____	_____
<u>2033-2037</u>	_____	_____	_____	_____
TOTAL	NONE	NONE	NONE	NONE

See independent auditors' report.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
SCHEDULE OF NOTES PAYABLE AMORTIZATION
FOR THE YEAR ENDED JUNE 30, 2014

Fiscal Year	Principal	Interest
Pre-2015	\$ 2,545,518	\$ 3,586,183
2015	1,362,013	1,094,120
2016	1,425,210	1,030,922
2017	1,491,340	964,792
2018	1,560,538	895,594
2019	1,632,947	823,186
20120-2024	9,374,072	2,906,582
2025-2029	6,734,033	634,364
TOTAL	\$ 26,125,671	\$ 11,935,744

See independent auditors' report.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
 SCHEDULE OF BONDS PAYABLE AMORTIZATION
 FOR THE YEAR ENDED JUNE 30, 2014**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
<u>2014</u>	_____	_____
<u>2015</u>	_____	_____
<u>2016</u>	_____	_____
<u>2017</u>	_____	_____
<u>2018</u>	_____	_____
<u>2019</u>	_____	_____
<u>2020</u>	_____	_____
<u>2021</u>	_____	_____
<u>2022</u>	_____	_____
<u>2023</u>	_____	_____
<u>2024</u>	_____	_____
<u>2025</u>	_____	_____
<u>2026</u>	_____	_____
<u>2027</u>	_____	_____
<u>2028</u>	_____	_____
<u>2029</u>	_____	_____
<u>2030</u>	_____	_____
<u>2031</u>	_____	_____
<u>2032</u>	_____	_____
<u>2033</u>	_____	_____
TOTAL	NONE	NONE

See independent auditors' report.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
COMPARATIVE FIGURES
FOR THE YEAR ENDED JUNE 30, 2014**

To assist the Office of Statewide Reporting and Accounting Policy (OSRAP) in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than \$1 million, explain the reason for the change. (The figures below are in thousands.)

	2014	2013	Difference	Percentage Change
1) Revenues	\$ 74,093	\$ 66,655	\$ 7,438	11.2%
Expenses	49,347	44,341	5,006	11.3%
2) Capital assets	243,323	237,092	6,231	2.6%
Long-term liabilities	42,418	60,579	(18,161)	-30.0%
Net position	\$ 335,892	\$ 311,116	\$ 24,776	8.0%

- The Authority's net position as of fiscal year end June 30, 2014 was \$335.9 million compared with combined net position a year earlier of \$311.1 million, an 8.0% and \$24.8 million increase.
- Of the \$24.8 million increase in net position, significant contributors included income from the Orleans Levee District's Special Levee Improvement Fund (SLIP), a gain upon the settlement of a settlement of a judgment related to the Bohemia Spillway litigation, and a \$4.1 million reimbursement from FEMA. East Jefferson Levee District (EJLD) contributed to this increase as well by taking their operating surplus and investing it in long-term interest bearing certificates of deposit.

See independent auditors' report.

OTHER INDEPENDENT AUDITORS' REPORTS



Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' 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*

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

We have audited, in accordance with the 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, the combined financial statements of the governmental activities, the business-type activities, and each major fund, of the Southeast Louisiana Flood Protection Authority – East (the Authority), a component unit of the State of Louisiana, as of and for the year ended June 30, 2014, and the related notes to combined financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 10, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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. 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.

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 that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gurtner Zuniga Almey, LLC

New Orleans, Louisiana
September 10, 2014



Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited Southeast Louisiana Flood Protection Authority – East (the Authority) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2014. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

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Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the combined financial statements of the governmental activities, the business-type activities, and each major fund of the Authority as of and for the year ended June 30, 2014, and the related notes to combined financial statements which collectively comprise the Authority's basic combined financial statements. We issued our report thereon dated September 10, 2014, which contained an unmodified opinion on those combined financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic combined financial statements or the basic combined financial statements themselves, and other additional procedures in accordance with auditing

standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic combined financial statements.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Gurtner Zuniga Abney, LLC

New Orleans, Louisiana
September 10, 2014

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing & Urban Development:</u>			
Passed through State of Louisiana, Division of Administration, Office of Community Development – Disaster Recovery Unit: Community Development Block Grants	14.228	677085	\$ 67,996
<u>U.S. Department of Homeland Security:</u>			
Passed through State of Louisiana, Governor’s Office of Homeland Security and Emergency Preparedness: Disaster Grants – Public Assistance	97.036	FEMA-1603-DR- LA	3,601,552
Total Expenditures of Federal Awards			<u>\$ 3,669,548</u>

See accompanying independent auditors’ report and
notes to schedule of expenditures of federal awards.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

(1) GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of the federal awards of Southeast Louisiana Flood Protection Authority – East (the Authority). The Authority's reporting entity is defined in Note A to the combined financial statements for the year ended June 30, 2014. All federal awards received from federal agencies are included on the Schedule.

(2) BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note A to the Authority's combined financial statements for the year ended June 30, 2014.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION I – SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the combined financial statements of the Southeast Louisiana Flood Protection Authority – East.
2. No material weakness or significant deficiency in internal control relating to the audit of the financial statements is reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Southeast Louisiana Flood Protection Authority – East are reported in the Report on Compliance with Requirements Applicable to each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and the Schedule of Expenditures of Federal Awards.
4. No material weakness or significant deficiency relating to the audit of the major federal programs is reported in the Report on Compliance with Requirements Applicable to each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and the Schedule of Expenditures of Federal Awards.
5. The auditors' report on compliance for the major federal programs for the Southeast Louisiana Flood Protection Authority – East expressed an unmodified opinion.
6. There were no findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs are:

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

SECTION II – FINDINGS RELATED TO THE FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statement audit.

SECTION III – FINDINGS RELATED TO THE AUDIT OF MAJOR FEDERAL PROGRAMS

There were no findings related to the audit of major federal programs.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

SECTION II – FINDINGS RELATED TO THE FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statement audit.

SECTION III – FINDINGS RELATED TO THE AUDIT OF MAJOR FEDERAL PROGRAMS

There were no findings related to the major federal programs.