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**STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA, AND
BAYOU BOEUF LEVEE DISTRICT**

Financial Report

Year Ended June 30, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/17/07

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STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 2007

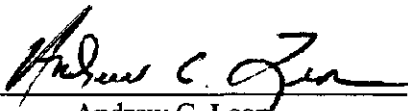
RED RIVER, ATCHAFALAYA, AND BAYOU BOEUF LEVEE DISTRICT

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

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


AFFIDAVIT

Personally came and appeared before the undersigned authority, Andrew C. Leon, President of Red River, Atchafalaya, and Bayou Bouef Levee District, who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of Red River, Atchafalaya, and Bayou Bouef Levee District at June 30, 2007 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board.



Andrew C. Leon

Sworn and subscribed before me, this 30th day of August, 2007.



NOTARY PUBLIC
Ann L. Champagne
ID# 011061

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INDEPENDENT AUDITORS' REPORT

WEB SITE:
WWW.KCSRCPAS.COM

Board of Commissioners
Red River, Atchafalaya and
Bayou Boeuf Levee District
Alexandria, Louisiana

We have audited the accompanying financial statements of the governmental activities of the Red River, Atchafalaya and Bayou Boeuf Levee District (the District), a component unit of the State of Louisiana, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Red River, Atchafalaya and Bayou Boeuf Levee District, as of June 30, 2007, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated July 27, 2007, on our consideration of the Red River, Atchafalaya and Bayou Boeuf Levee District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

Member of:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Member of:
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

The management's discussion and analysis and budgetary comparison information on pages 4 through 8 and page 32 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements of Red River, Atchafalaya and Bayou Boeuf Levee District taken as a whole. The accompanying supplemental information and the Division of Administration reporting package listed in the table of contents are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
July 27, 2007

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA AND
BAYOU BOEUF LEVEE DISTRICT

Management's Discussion and Analysis

June 30, 2007

The Management's Discussion and Analysis of the Red River, Atchafalaya and Bayou Boeuf Levee District's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended June 30, 2007. This document focuses on the current year's activities, resulting changes, and currently known facts.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the District's financial position and results of operations from differing perspectives which are described as follows:

Government-Wide Financial Statements -

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private sector companies. These statements report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the District's assets (including infrastructure acquired after July 1, 2003) and all of the District's liabilities, including long-term debt.

The government-wide financial statements are presented on pages 11 and 12. The Statement of Net Assets (page 11) and the Statement of Activities (page 12) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The governmental activities are financed primarily by ad valorem taxes and other sources including state revenue sharing, mineral royalties, rents generated from leasing of District land, and interest.

Fund Financial Statements -

Fund financial statements provide detailed information regarding the District's most significant activities and are not intended to provide information for the District as a whole. Funds are accounting devices that are used to account for specific sources of funds.

All of the District's basic services are reported in a governmental fund. Governmental funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the District's finances. Assets reported by governmental funds are limited to amounts that are expected to be paid from currently available assets.

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA AND
BAYOU BOEUF LEVEE DISTRICT

Management's Discussion and Analysis (Continued)

June 30, 2007

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As indicated in the table below, the portion of the District's net assets invested in capital assets totals \$1,106,011 (37%). Net assets invested in capital assets consists of land, buildings, and equipment less any debt used to acquire the assets that remains outstanding. The District uses these capital assets to provide services to the citizens of Avoyelles, Rapides, and St. Landry parishes; consequently, these amounts are not available for future spending.

The remaining unrestricted net assets (63%) may be used to meet the District's ongoing obligations to citizens and creditors.

A condensed version of the government-wide Statement of Net Assets presented as follows:

	Governmental Activities	
	2007	2006
Assets:		
Current and other assets	\$ 2,011,948	\$ 1,991,057
Capital assets	<u>1,208,681</u>	<u>989,250</u>
Total assets	<u>3,220,629</u>	<u>2,980,307</u>
Liabilities:		
Current and other liabilities	74,777	90,873
Long-term liabilities	<u>134,412</u>	<u>168,955</u>
Total liabilities	<u>209,189</u>	<u>259,828</u>
Net Assets:		
Invested in capital assets (net)	1,106,011	844,142
Unrestricted	<u>1,905,429</u>	<u>1,876,337</u>
Total net assets	<u>\$ 3,011,440</u>	<u>\$ 2,720,479</u>

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA AND
BAYOU BOEUF LEVEE DISTRICT

Management's Discussion and Analysis (Continued)

June 30, 2007

Net assets of the District increased by \$290,961 in the current fiscal year. The increase is the result of operating revenues exceeding operating expenses during the fiscal year ending June 30, 2007, as follows:

	<u>2007</u>	<u>2006</u>
General government expenses	\$ (1,943,504)	\$ (1,804,969)
Program revenues -		
Operating grants	-	25,000
Subtotal	<u>(1,943,504)</u>	<u>(1,779,969)</u>
General revenues -		
Ad valorem taxes	1,814,218	1,685,631
State revenue sharing	96,160	94,155
Interest income	82,141	63,278
Royalties and leases	166,940	127,812
Miscellaneous	<u>75,006</u>	<u>30,240</u>
Total general revenues	<u>2,234,465</u>	<u>2,001,116</u>
Change in net assets	290,961	221,147
Net assets, July 1	<u>2,720,479</u>	<u>2,499,332</u>
Net assets, June 30	<u>\$ 3,011,440</u>	<u>\$ 2,720,479</u>

Total general revenues increased by \$233,349 in the current fiscal year over the prior year. The increase is primarily attributable to increased property value assessments, which generated additional property taxes. In addition, interest rates on deposits increased slightly from the previous year, oil and gas royalties increased, and miscellaneous revenues included \$30,600 in timber sales for 2007 compared to \$ -0- for 2006.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's General Fund, which is available for spending at the District's discretion, reported a fund balance of \$1,979,963, an increase of \$37,341 over the prior year. The increase is primarily due to increased ad valorem collections, increased royalty payments for mineral rights, and significant declines in repair and maintenance costs. The District also expended considerable sums in the current year for capital outlay. These costs may fluctuate significantly from year to year.

BUDGET HIGHLIGHTS

The District adopts an annual budget each year prior to the beginning of the next fiscal year. The budget is amended as necessary to reflect increases or decreases in revenue sources and the related effects on its operations. The total difference between the original budget and final amended budget was an increase of \$203,000 in total revenues and expenditures. Property tax, interest income, and oil royalty revenues were amended to reflect the increases from the previous year's actual amounts and original budgeted amounts. The most significant increase in budgeted expenditures was in capital expenditures. The District replaced three tractors, purchased three additional bush hogs, a backhoe, and two trucks during the 2007 fiscal year.

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA AND
BAYOU BOEUF LEVEE DISTRICT

Management's Discussion and Analysis (Continued)

June 30, 2007

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Asset Administration -

At June 30, 2007, the District had \$1,208,681, net of depreciation, invested in a broad range of capital assets. Capital asset activity for the year ended June 30, 2007 is summarized as follows:

Buildings & Improvements	\$ 6,298
Automobiles & Equipment	<u>326,430</u>
Total Additions	332,728
Depreciation	<u>(113,297)</u>
Net increase (decrease)	219,431
Beginning capital assets (net)	<u>989,250</u>
Ending capital assets (net)	<u>\$ 1,208,681</u>

Capital assets at year end are summarized as follows:

	<u>6/30/2007</u>	<u>6/30/2006</u>
Land	\$ 412,005	\$ 412,005
Buildings and Improvements, net	272,879	284,654
Automobiles and Equipment, net	<u>523,797</u>	<u>292,591</u>
Total	<u>\$ 1,208,681</u>	<u>\$ 989,250</u>

Debt Administration -

The District had \$177,204 in debt outstanding at June 30, 2007, a decrease of \$34,189. No new debt was issued during the current year. The decreases are attributable to employee use of compensated absences accrued in prior years and payments on capital leases.

FACTORS EXPECTED TO AFFECT FUTURE OPERATIONS

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

- Ad Valorem taxes
- Interest income
- Projects under consideration, and
- Intergovernmental revenues (state and local grants).

At the present time, there are no factors that are expected to have a significant impact on future operations.

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA AND
BAYOU BOEUF LEVEE DISTRICT

Management's Discussion and Analysis (Continued)

June 30, 2007

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have question about this report or need additional information, contact Mr. Andrew Leon, President, Post Office Box 8235, Alexandria, Louisiana 71306-1235.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA AND
BAYOU BOEUF LEVEE DISTRICT

Statement of Net Assets
June 30, 2007

ASSETS

Current assets:	
Cash and interest-bearing deposits	\$ 1,146,115
Investments	850,000
Receivables, net	8,121
Prepaid expenses	<u>7,712</u>
Total current assets	<u>2,011,948</u>
Capital assets :	
Non depreciable capital assets	412,005
Depreciable capital assets, net	<u>796,676</u>
Total capital assets	<u>1,208,681</u>
Total assets	<u>3,220,629</u>

LIABILITIES

Current liabilities:	
Accounts and other payables	31,985
Capital lease obligation-due within one year	<u>42,792</u>
Total current liabilities	<u>74,777</u>
Noncurrent liabilities:	
Compensated absences payable	74,534
Capital lease obligations, net of current portion	<u>59,878</u>
Total noncurrent liabilities	<u>134,412</u>
Total liabilities	<u>209,189</u>

NET ASSETS

Invested in capital assets	1,106,011
Unrestricted	<u>1,905,429</u>
Total net assets	<u>\$ 3,011,440</u>

The accompanying notes are an integral part of the basic financial statements.

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA AND
BAYOU BOEUF LEVEE DISTRICT

Statement of Activities
For the Year Ended June 30, 2007

Expenses:

Governmental activities -

General government:

Personal services	\$ 1,280,071
Travel	11,353
Operating services	508,463
Supplies	10,747
Professional services	13,970
Interest	5,602
Depreciation	<u>113,298</u>
Total governmental activities	<u>1,943,504</u>

General revenues:

Taxes	1,814,218
State revenue sharing	96,160
Interest income	82,141
Royalties and leases	166,940
Miscellaneous	<u>75,006</u>
Total general revenues	<u>2,234,465</u>

Change in net assets	290,961
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Net assets - July 1, 2006	<u>2,720,479</u>
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Net assets - June 30, 2007	<u>\$ 3,011,440</u>
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The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA AND
BAYOU BOEUF LEVEE DISTRICT

Balance Sheet
Governmental Fund
June 30, 2007

ASSETS	
Cash	\$ 1,146,115
Investments	850,000
Receivables:	
Ad valorem taxes	3,487
Royalties	3,638
Interest	986
Permit and other fees	10
Prepaid items	<u>7,712</u>
Total assets	<u>\$ 2,011,948</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	30,154
Payroll taxes payable	<u>1,831</u>
Total liabilities	31,985
Fund balances -	
Unreserved, designated for general fund	<u>1,979,963</u>
Total liabilities and fund balances	<u>\$ 2,011,948</u>

The accompanying notes are an integral part of the basic financial statements.

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA AND
BAYOU BOEUF LEVEE DISTRICT

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Assets
June 30, 2007

Total fund balances for governmental funds at June 30, 2007	\$ 1,979,963
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Total net assets reported for governmental activities in the statement of net assets is different because:

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

Land	\$ 412,005	
Buildings and improvements, net of \$336,964 accumulated depreciation	272,879	
Automobiles and equipment, net of \$423,617 accumulated depreciation	<u>523,797</u>	1,208,681

Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Fund Balance Sheet

Compensated absences payable	(74,534)	
Capital lease obligations	<u>(102,670)</u>	<u>(177,204)</u>

Total net assets of governmental activities at June 30, 2007	<u>\$ 3,011,440</u>
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The accompanying notes are an integral part of the basic financial statements.

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA AND
BAYOU BOEUF LEVEE DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Fund
For the Year Ended June 30, 2007

Revenues:	
Taxes	\$1,814,218
States revenue sharing	96,160
Interest income	82,141
Royalties and leases	166,940
Miscellaneous	<u>75,006</u>
Total revenues	<u>2,234,465</u>
Expenditures:	
Current -	
General government:	
Personal services	1,271,822
Travel	11,353
Operating services	508,463
Supplies	10,747
Professional services	13,970
Debt service	48,040
Capital outlay	<u>332,729</u>
Total expenditures	<u>2,197,124</u>
Excess of revenues over expenditures	37,341
Fund balances, beginning	<u>1,942,622</u>
Fund balances, ending	<u>\$1,979,963</u>

The accompanying notes are an integral part of the basic financial statements.

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA AND
BAYOU BOEUF LEVEE DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of the Governmental Fund
to the Statement of Activities
For the Year Ended June 30, 2007

Total net changes in fund balances at June 30, 2007 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 37,341
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The change in net assets reported for governmental activities in the
statement of activities is different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 332,729	
Depreciation expense for the year ended June 30, 2007	<u>(112,287)</u>	220,442

Governmental funds report the cash proceeds from the sale of an asset as miscellaneous revenues. However, in the statement of activities, the difference between the cash proceeds and the net carrying value of the asset is recorded as a gain or loss on the sale of the asset.	(1,011)
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Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(8,249)
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Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the government-wide presentation.	<u>42,438</u>
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Total changes in net assets at June 30, 2007 per Statement of Activities	<u>\$ 290,961</u>
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The accompanying notes are an integral part of the basic financial statements.

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA
AND BAYOU BOEUF LEVEE DISTRICT

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Red River, Atchafalaya and Bayou Boeuf Levee District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. Financial Reporting Entity

The Red River, Atchafalaya and Bayou Boeuf Levee District (the District) was created by Louisiana Revised statute R.S. 38:291(M). The District includes all or portions of the following parishes: Avoyelles, Rapides and St. Landry. The District provided flood protection for those area contained in the District. The Board of Commissioners administers the operations and responsibilities of the District in accordance with the provisions of Louisiana statutes. The three members of the Board of commissioners which governs the District are appointed by the governor of the State of Louisiana.

This report includes those funds, organizations, institutions, agencies, departments, and offices that are not legally separate from the District. The financial statements do not include the data of any component units necessary for general purpose financial reporting in conformity with generally accepted accounting principles.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA
AND BAYOU BOEUF LEVEE DISTRICT

Notes to Basic Financial Statements (Continued)

Fund Financial Statements

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The District reports all its activities in a general fund. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major fund of the District is described below:

Governmental Fund -

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA
AND BAYOU BOEUF LEVEE DISTRICT

Notes to Basic Financial Statements (Continued)

C. Measurement Focus/Basis of Accounting

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

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

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Government Funds	Modified Accrual Basis	Current Financial Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measurement focus, revenue is recognized when it is measurable and available. Revenue is considered available if it is collected within 60 days or if it is due under a cost reimbursement arrangement. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, claims and judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt is reported as an other financing source and repayment of long-term debt is reported as an expenditure.

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA
AND BAYOU BOEUF LEVEE DISTRICT

Notes to Basic Financial Statements (Continued)

D. Assets, Liabilities and Equity

Cash, interest-bearing deposits, and investments

For purposes of the statement of net assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the District maturing in three months or less. Certificates of deposits with a maturity period greater than three months are recorded as an investment. Under state law, the District may invest in United States bonds, treasury notes, or certificates. Investments are stated at amortized cost.

Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible. At June 30, 2007, no amounts reported as receivables were considered to be uncollectible.

Capital Assets

Capital assets, which include property, equipment, and infrastructure acquired after July 1, 2003, are reported as assets in the governmental column in the government-wide financial statements. Assets reported in the fund financial statements for governmental funds exclude capital assets. Instead, the governmental funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA
AND BAYOU BOEUF LEVEE DISTRICT

Notes to Basic Financial Statements (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	20-40 years
Automobiles and equipment	5-7 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of compensated absences and capital lease obligations.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

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

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA
AND BAYOU BOEUF LEVEE DISTRICT

Notes to Basic Financial Statements (Continued)

Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

E. Revenues, Expenditures, and Expenses

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character:

In the fund financial statements, governmental funds report expenditures of financial resources.

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA
AND BAYOU BOEUF LEVEE DISTRICT

Notes to Basic Financial Statements (Continued)

G. Budget and Budgetary Accounting

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

State appropriations made for the operations of the various programs of the District are annual lapsing appropriations.

I. Use of Estimates

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

(2) Ad Valorem Taxes

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year in which the tax is levied. Property taxes are recognized when the revenue is measurable and available. Available means due or past due and collected on longer than 60 days after the close of the current period. For the year ended June 30, 2007, the District levied and collected 3.64 mills of taxes for the general corporate purposes of the District. In addition, the District levied and collected a 15 cents (\$.15) per acre assessment on 683,925 acres within the parishes served by the District and a \$100 per mile assessment on track mileage on the railroads in Rapided, St. Landry, and Avoyelles Parish.

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA
AND BAYOU BOEUF LEVEE DISTRICT

Notes to Basic Financial Statements (Continued)

(3) Cash, Interest-Bearing Deposits and Investments

A. Cash and Interest-bearing Deposits

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2007, the District had cash and interest-bearing deposits (book balances) totaling \$1,996,115 as follows:

Demand deposits	\$ 1,146,115
Money market accounts	<u>850,000</u>
Total	<u>\$ 1,996,115</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security 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 bank. These securities are held in the name of the City or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2007, are secured as follows:

Bank balances	<u>\$2,032,685</u>
Federal deposit insurance	400,000
Pledged securities	<u>1,632,685</u>
Total	<u>\$2,032,685</u>

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA
AND BAYOU BOEUF LEVEE DISTRICT

Notes to Basic Financial Statements (Continued)

(4) Receivables

Receivables at June 30, 2007 consisted of the following:

	<u>General</u>
Ad valorem taxes	\$ 3,487
Royalties	3,638
Interest	986
Permits and other fees	<u>10</u>
Totals	<u>\$ 8,121</u>

(5) Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Balance 07/01/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/07</u>
Non depreciable capital assets:				
Land	\$ 412,005	\$ -	\$ -	\$ 412,005
Depreciable capital assets:				
Buildings and improvements	603,545	6,298	-	609,843
Automobiles and equipment	655,071	326,430	34,089	947,412
Accumulated depreciation	<u>(681,371)</u>	<u>(113,297)</u>	<u>(34,089)</u>	<u>(760,579)</u>
Total depreciable capital assets	<u>577,245</u>	<u>219,431</u>	<u>-</u>	<u>796,676</u>
Total capital assets, net	<u>\$ 989,250</u>	<u>\$ 219,431</u>	<u>\$ -</u>	<u>\$ 1,208,681</u>

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA
AND BAYOU BOEUF LEVEE DISTRICT

Notes to Basic Financial Statements (Continued)

(6) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2007 consisted of the following:

Vendors	\$ 30,154
Other payables	<u>1,831</u>
	<u>\$ 31,985</u>

(7) Long-Term Debt

A summary of long-term debt at June 30, 2007 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Capital leases payable:				
John Deere	\$ 67,096	\$ -	\$ 24,172	\$ 42,924
Caterpillar	<u>78,012</u>	<u>-</u>	<u>18,266</u>	<u>59,746</u>
Total	<u>\$ 145,108</u>	<u>\$ -</u>	<u>\$ 42,438</u>	<u>\$ 102,670</u>

Long-term debt outstanding at June 30, 2007 consisted of two capital lease agreements entered into prior years for the purchase of an excavator and a dozer with an original cost of \$97,980 and \$95,579, respectively.

The capital lease for the excavators bears interest at a rate of 4.75% with 48 monthly payments of \$2,236 beginning March 20, 2005 and ending February 20, 2009.

\$ 44,730

The capital lease for the dozer bears interest at a rate of 4.3% with 60 monthly payments of \$1,767 beginning July 7, 2005 and ending July 7, 2010.

63,606

Total

\$108,336

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA
AND BAYOU BOEUF LEVEE DISTRICT

Notes to Basic Financial Statements (Continued)

Future minimum lease payments under these capital lease arrangements is presented as follows:

	<u>John Deere</u>	<u>Caterpillar</u>	<u>Total</u>
Year Ending June 30,			
2008	\$ 26,838	\$ 21,202	\$ 48,040
2009	17,892	21,202	39,094
2010	-	21,202	-
Total minimum lease payment	44,730	63,606	108,336
Amounts representing interest	(1,806)	(3,860)	(5,666)
Present value of minimum lease payments	<u>\$ 42,924</u>	<u>\$ 59,746</u>	<u>\$ 102,670</u>

(8) Employee Retirement

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

All full time employees of the District are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefit equal to \$300 plus 2.5% of their highest consecutive 36 months average salary multiplied by their years of credited service.

Vested employees are entitled to a retirement benefit, payable monthly for life at the following levels:

Any age with 30 years of service;
Age 55 with 25 year of service; or
Age 60 with 10 years of service

The system also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual, publicly available report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608.

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA
AND BAYOU BOEUF LEVEE DISTRICT

Notes to Basic Financial Statements (Continued)

Members are required by state statute to contribute 7.5 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current employer rate is 19.1 percent of annual covered payroll. The contribution requirements of plan members and the office are established and may be amended by state statute. The employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contribution to the System for the year ended June 30, 2007, was \$126,376, equal to the required contribution for each year.

(9) Post Retirement Health Care and Life Insurance Benefits

The District currently provides continuing healthcare and life insurance benefits for its retired employees. Substantially all of the District's employees become eligible for these benefits if they reach normal retirement age while working for the District. The District recognizes the cost of providing these benefits as an expense when the monthly premiums are paid. The cost of providing these benefits to retirees for the year ended June 30, 2007 totaled \$90,480 for 13 retirees.

(10) Compensation of District Officials

Per diem payments are authorized by Louisiana Revised Statute 38:308 and are included in the personal services expenses. Board members are paid \$75 per day to a maximum of 36 days per year for board meeting and/or official business. The board president may receive compensation not to exceed \$1,000 per month in lieu of per diem. Per diem payments for the year ended June 30, 2007 were as follows:

Commissioners:	
Burton Bordelon	\$ 2,700
Andrew Leon	12,000
Jerry Slocum	<u>2,700</u>
Total	<u>\$17,400</u>

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA
AND BAYOU BOEUF LEVEE DISTRICT

Notes to Basic Financial Statements (Continued)

(11) Compensated Absences

At June 30, 2007, employees of the District had accumulated \$74,534 in annual leave benefits which were computed in accordance with GASB Codification Section C60. The following is a summary of the changes in compensated absences:

Beginning balance	\$ 66,285
Additions, net	<u>8,249</u>
Total	<u>\$ 74,534</u>

(12) Litigation and Claims

The District has been named as a defendant in several lawsuits as of June 30, 2007. These suits are at various stages in the legal system. It is not possible to predict at this time the extent of the District's liability. Losses, if any, are not expected to exceed available insurance coverage.

(13) Risk Management

The District is exposed to various risks of loss related to torts; theft of , damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by acquiring and maintaining commercial insurance coverage for each of these risks of loss. Claims resulting from these risks have historically not exceeded insurance coverage, and management believes such coverage is sufficient to preclude any significant uninsured losses to the District.

**REQUIRED
SUPPLEMENTARY INFORMATION**

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA AND
BAYOU BOEUF LEVEE DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2007

	2007			
	Budget			Variance- Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Taxes:				
Ad valorem	\$1,662,000	\$1,800,000	\$1,814,218	\$ 14,218
State revenue sharing	90,000	95,000	96,160	1,160
Interest income	40,000	60,000	82,141	22,141
Royalties and leases	125,000	160,000	166,940	6,940
Miscellaneous	5,000	10,000	75,006	65,006
Total revenues	<u>1,922,000</u>	<u>2,125,000</u>	<u>2,234,465</u>	<u>109,465</u>
Expenditures:				
General government				
Personal services	1,265,900	1,230,400	1,271,822	(41,422)
Travel	8,000	11,000	11,353	(353)
Operating services	453,990	552,500	508,463	44,037
Supplies	13,000	10,000	10,747	(747)
Professional services	16,110	16,100	13,970	2,130
Capital expenditures	165,000	305,000	332,729	(27,729)
Debt service	-	-	48,040	(48,040)
Total expenditures	<u>1,922,000</u>	<u>2,125,000</u>	<u>2,197,124</u>	<u>(72,124)</u>
Net change in fund balances	-	-	37,341	37,341
Fund balance, beginning	<u>1,786,227</u>	<u>1,942,622</u>	<u>1,942,622</u>	-
Fund balance, ending	<u>\$1,786,227</u>	<u>\$1,942,622</u>	<u>\$1,979,963</u>	\$ 37,341

INTERNAL CONTROL, COMPLIANCE

AND

OTHER INFORMATION

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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

Board of Commissioners
Red River, Atchafalaya and
Bayou Boeuf Levee District
Alexandria, Louisiana

We have audited the financial statements of Red River, Atchafalaya and Bayou Boeuf Levee District (the District) as of and for the year ended June 30, 2007 and have issued our report thereon dated July 27, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as item 07-01 (IC) to be a significant deficiency in internal control over financial reporting.

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Member of:
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Red River, Atchafalaya and Bayou Boeuf Levee District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Directors and management, others within the District and grant awarding agencies. However, this report is a matter of public record and its distribution is not limited. Also, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
July 27, 2007

**STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA
AND BAYOU BOEUF LEVEE DISTRICT**

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2007**

PART I – SUMMARY OF AUDITOR'S RESULTS

1. The Independent Auditor's Report on the financial statements for the Red River, Atchafalaya and Bayou Boeuf Levee District as of June 30, 2007 and for the year then ended expressed an unqualified opinion.
2. The audit of the financial statements disclosed a significant control deficiency which is considered to be a material weakness.
3. The results of the audit disclosed no instances of noncompliance that are considered to material to the financial statements of the Red River, Atchafalaya and Bayou Boeuf Levee District.
4. A management letter was not issued.

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA AND BAYOU BOEUF LEVEE DISTRICT

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended June 30, 2007

Fiscal Year		Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
Finding Initially Occurred	Ref. No.					
<u>CURRENT YEAR (6/30/07)</u>						
<u>Internal Control</u>						
07-01(IC)	2007	Due to the small number of employees, the District did not have adequate segregation of duties within the accounting system.		Based upon recommendations from the auditor, the District will reassign responsibilities between the two office employees of the District to help minimize the inadequate segregation of accounting functions. The Commissioners understand that there cannot be a complete segregation of accounting functions with only two employees.	Andrew Leon, President	September 2007

PRIOR YEAR (6/30/06)

Internal Control:

There were no findings for the year ended June 30, 2006.

DIVISION OF ADMINISTRATION

REPORTING PACKAGE

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA, AND BAYOU BOEUF LEVEE DISTRICT
Balance Sheet
As of June 30, 2007

Cash and cash equivalents	\$ 1,146,115
Investments	850,000
Receivables (net of allowance for doubtful accounts)	8,121
Inventories	
Prepayments	7,712
Other current assets	
Total current assets	2,011,948
Noncurrent Assets:	
Restricted assets	
Cash	
Investments	
Receivables	
Capital assets (net of depreciation)	
Land	412,005
Buildings and improvements	272,879
Machinery and equipment	523,797
Infrastructure	
Total noncurrent assets	1,208,681
Total assets	\$ 3,220,629
LIABILITIES	
Current Laibilities:	
Accounts payable and accruals	\$ 31,985
Deferred revenues	
Other current liabilities	
Current portion of long-term liabilities:	
Contracts payable	
Compenstated absences payable	
Capital lease obligations	42,792
Claims and litigation payable	
Notes payable	
Other long-term liabilities	
Total current liabilities	74,777
NON-CURRENT LIABILITES:	
Contracts payable	
Compenstated absences payable	74,534
Claims and litigation payable	59,878
Other long-term liabilities	
Total long-term liabilities	134,412
Total liabilities	209,189
Net ASSETS	
Invested in capital assets, net of related debt	1,106,011
Unrestricted	1,905,429
Total net assets	3,011,440
Total liabilities and net assets	\$ 3,220,629

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

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA, AND BAYOU BOEUF LEVEE DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended June 30, 2007

OPERATING REVENUES	
Sales of commodities and services	\$ -
Assessments	
Use of money and property	249,081
Licenses, permits, and fees	
Other	75,006
Total operating revenues	324,087
OPERATING EXPENSES	
Cost of sales and services	2,197,124
Administrative	
Depreciation	-
Amortization	
Total operating expenses	2,197,124
Operating income (loss)	(1,873,037)
NON-OPERATING REVENUES (EXPENSES)	
State appropriations	96,160
Intergovernmental revenues (expenses)	
Taxes	1,814,218
Use of money and property	
Gain on disposal of fixed assets	
Loss on disposal of fixed assets	
Federal grants	
Interest expense	
Other revenue	
Other expense	
Total non-operating revenues (expenses)	1,910,378
Income (loss) before contributions and transfers	37,341
Capital contributions	
Extraordinary item-Loss on impairment of capital assets	
Transfers in	
Transfers out	
Change in net assets	37,341
Total net assets-beginning	1,942,622
Total net assets-ending	\$ 1,979,963

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

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA, AND BAYOU BOEUF LEVEE DISTRICT
Statement of Activities
For the Year Ended June 30, 2007

		Program Revenues			Net (Expense
			Operating	Capital	Revenue and
	Expenses	Charges for	Grants and	Grants and	Changes in
		Services	Contributions	Contributions	Net Assets
Entity	\$ 1,943,504	\$ -	\$ -	\$ -	\$ (1,943,504)
General revenues:					
Taxes					1,814,218
State appropriations					96,160
Grants and contributions not restricted to specific programs					-
Interest					82,141
Miscellaneous					241,946
Special items					
Extraordinary item-Loss on impairment of capital assets					
Transfers					
Total general revenues, special items, and transfers					2,234,465
Change in net assets					290,961
Net assets-beginning as restated					2,720,479
Net assets-ending					\$ 3,011,440

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

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA, AND BAYOU BOEUF LEVEE DISTRICT
Statement of Cash Flows
For the Year Ended June 30, 2007

Cash flows from operating activities		
Cash received from customers	\$ -	
Cash payments to suppliers for goods and services	(522,156)	
Cash payments to employees for services	(1,273,437)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues (expenses)		
Net cash provided (used) by operating activities		<u>\$ (1,795,593)</u>
Cash flows from non-capital financing activities		
State revenue sharing	93,243	
Proceeds from ad valorem taxes	1,811,015	
Proceeds from royalties and leases	163,717	
Miscellaneous revenues	53,694	
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfer out		
Other		
Net cash provided (used) by non-capital financing activities		<u>2,121,669</u>
Cash flows from capital and related financing activities		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on capital leases	(42,438)	
Interest paid on capital leases	(5,602)	
Acquisition/construction of capital assets	(332,728)	
Proceeds from sale of capital assets	32,747	
Capital contributions		
Other		
Net cash provided (used) by capital and related financing activities		<u>(348,021)</u>
Cash flows from investing activities		
Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investments securities	81,513	
Net cash provided (used) by investing activities		<u>81,513</u>
Net increase (decrease) in cash and cash equivalents		<u>59,568</u>
Cash and cash equivalents at beginning of year		<u>1,086,547</u>
Cash and cash equivalents at end of year		<u>\$ 1,146,115</u>

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA, AND BAYOU BOEUF LEVEE DISTRICT
Statement of Cash Flows
For the Year Ended June 30, 2007

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

Depreciation/amortization	113,298	
Provision for uncollectible accounts	<u> </u>	
Other	<u> </u>	
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable, net	<u> </u>	
(Increase) decrease in due from other funds	<u> </u>	
(Increase) decrease in prepayments	42,814	
(Increase) decrease in inventories	<u> </u>	
(Increase) decrease in other assets	<u> </u>	
Increase (decrease) in accounts payable and accruals	(16,450)	
Increase (decrease) in compensated absences payable	8,249	
Increase (decrease) in due to other funds	<u> </u>	
Increase (decrease) in deferred revenues	<u> </u>	
Increase (decrease) in other liabilities	<u> </u>	
Net cash provided (used) by operating activities		<u><u>\$ (1,795,593)</u></u>

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease
Contributions of fixed assets
Purchases of equipment on account
Asset trade-ins
Other (specify)

Total noncash investing, capital, and financing activities:

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

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA
AND BAYOU BOEUF LEVEE DISTRICT

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Red River, Atchafalaya and Bayou Boeuf Levee District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. Financial Reporting Entity

The Red River, Atchafalaya and Bayou Boeuf Levee District (the District) was created by Louisiana Revised statute R.S. 38:291(M). The District includes all or portions of the following parishes: Avoyelles, Rapides and St. Landry. The District provided flood protection for those area contained in the District. The Board of Commissioners administers the operations and responsibilities of the District in accordance with the provisions of Louisiana statutes. The three members of the Board of commissioners which governs the District are appointed by the governor of the State of Louisiana.

This report includes those funds, organizations, institutions, agencies, departments, and offices that are not legally separate from the District. The financial statements do not include the data of any component units necessary for general purpose financial reporting in conformity with generally accepted accounting principles.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA
AND BAYOU BOEUF LEVEE DISTRICT

Notes to Basic Financial Statements (Continued)

Fund Financial Statements

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The District reports all its activities in a general fund. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major fund of the District is described below:

Governmental Fund -

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA
AND BAYOU BOEUF LEVEE DISTRICT

Notes to Basic Financial Statements (Continued)

C. Measurement Focus/Basis of Accounting

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

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

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Government Funds	Modified Accrual Basis	Current Financial Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measurement focus, revenue is recognized when it is measurable and available. Revenue is considered available if it is collected within 60 days or if it is due under a cost reimbursement arrangement. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, claims and judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt is reported as an other financing source and repayment of long-term debt is reported as an expenditure.

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA
AND BAYOU BOEUF LEVEE DISTRICT

Notes to Basic Financial Statements (Continued)

D. Assets, Liabilities and Equity

Cash, interest-bearing deposits, and investments

For purposes of the statement of net assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the District maturing in three months or less. Certificates of deposits with a maturity period greater than three months are recorded as an investment. Under state law, the District may invest in United States bonds, treasury notes, or certificates. Investments are stated at amortized cost.

Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible. At June 30, 2007, no amounts reported as receivables were considered to be uncollectible.

Capital Assets

Capital assets, which include property, equipment, and infrastructure acquired after July 1, 2003, are reported as assets in the governmental column in the government-wide financial statements. Assets reported in the fund financial statements for governmental funds exclude capital assets. Instead, the governmental funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA
AND BAYOU BOEUF LEVEE DISTRICT

Notes to Basic Financial Statements (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	20-40 years
Automobiles and equipment	5-7 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of compensated absences and capital lease obligations.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

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

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA
AND BAYOU BOEUF LEVEE DISTRICT

Notes to Basic Financial Statements (Continued)

Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

E. Revenues, Expenditures, and Expenses

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character:

In the fund financial statements, governmental funds report expenditures of financial resources.

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA
AND BAYOU BOEUF LEVEE DISTRICT

Notes to Basic Financial Statements (Continued)

G. Budget and Budgetary Accounting

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

State appropriations made for the operations of the various programs of the District are annual lapsing appropriations.

I. Use of Estimates

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

(2) Ad Valorem Taxes

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year in which the tax is levied. Property taxes are recognized when the revenue is measurable and available. Available means due or past due and collected on longer than 60 days after the close of the current period. For the year ended June 30, 2007, the District levied and collected 3.64 mills of taxes for the general corporate purposes of the District. In addition, the District levied and collected a 15 cents (\$.15) per acre assessment on 683,925 acres within the parishes served by the District and a \$100 per mile assessment on track mileage on the railroads in Rapided, St. Landry, and Avoyelles Parish.

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA
AND BAYOU BOEUF LEVEE DISTRICT

Notes to Basic Financial Statements (Continued)

(3) Cash, Interest-Bearing Deposits and Investments

A. Cash and Interest-bearing Deposits

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2007, the District had cash and interest-bearing deposits (book balances) totaling \$1,996,115 as follows:

Demand deposits	\$ 1,146,115
Money market accounts	<u>850,000</u>
Total	<u>\$ 1,996,115</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security 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 bank. These securities are held in the name of the City or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2007, are secured as follows:

Bank balances	<u>\$2,032,685</u>
Federal deposit insurance	400,000
Pledged securities	<u>1,632,685</u>
Total	<u>\$2,032,685</u>

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA
AND BAYOU BOEUF LEVEE DISTRICT

Notes to Basic Financial Statements (Continued)

(4) Receivables

Receivables at June 30, 2007 consisted of the following:

	<u>General</u>
Ad valorem taxes	\$ 3,487
Royalties	3,638
Interest	986
Permits and other fees	<u>10</u>
Totals	<u>\$ 8,121</u>

(5) Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Balance 07/01/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/07</u>
Non depreciable capital assets:				
Land	\$ 412,005	\$ -	\$ -	\$ 412,005
Depreciable capital assets:				
Buildings and improvements	603,545	6,298	-	609,843
Automobiles and equipment	655,071	326,430	34,089	947,412
Accumulated depreciation	<u>(681,371)</u>	<u>(113,297)</u>	<u>(34,089)</u>	<u>(760,579)</u>
Total depreciable capital assets	<u>577,245</u>	<u>219,431</u>	<u>-</u>	<u>796,676</u>
Total capital assets, net	<u>\$ 989,250</u>	<u>\$ 219,431</u>	<u>\$ -</u>	<u>\$ 1,208,681</u>

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA
AND BAYOU BOEUF LEVEE DISTRICT

Notes to Basic Financial Statements (Continued)

(6) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2007 consisted of the following:

Vendors	\$ 30,154
Other payables	<u>1,831</u>
	<u>\$ 31,985</u>

(7) Long-Term Debt

A summary of long-term debt at June 30, 2007 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Capital leases payable:				
John Deere	\$ 67,096	\$ -	\$ 24,172	\$ 42,924
Caterpillar	<u>78,012</u>	<u>-</u>	<u>18,266</u>	<u>59,746</u>
Total	<u>\$ 145,108</u>	<u>\$ -</u>	<u>\$ 42,438</u>	<u>\$ 102,670</u>

Long-term debt outstanding at June 30, 2007 consisted of two capital lease agreements entered into prior years for the purchase of an excavator and a dozer with an original cost of \$97,980 and \$95,579, respectively.

The capital lease for the excavators bears interest at a rate of 4.75% with 48 monthly payments of \$2,236 beginning March 20, 2005 and ending February 20, 2009.

\$ 44,730

The capital lease for the dozer bears interest at a rate of 4.3% with 60 monthly payments of \$1,767 beginning July 7, 2005 and ending July 7, 2010.

63,606

Total

\$108,336

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA
AND BAYOU BOEUF LEVEE DISTRICT

Notes to Basic Financial Statements (Continued)

Future minimum lease payments under these capital lease arrangements is presented as follows:

	<u>John Deere</u>	<u>Caterpillar</u>	<u>Total</u>
Year Ending June 30,			
2008	\$ 26,838	\$ 21,202	\$ 48,040
2009	17,892	21,202	39,094
2010	-	21,202	-
Total minimum lease payment	44,730	63,606	108,336
Amounts representing interest	(1,806)	(3,860)	(5,666)
Present value of minimum lease payments	<u>\$ 42,924</u>	<u>\$ 59,746</u>	<u>\$ 102,670</u>

(8) Employee Retirement

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

All full time employees of the District are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefit equal to \$300 plus 2.5% of their highest consecutive 36 months average salary multiplied by their years of credited service.

Vested employees are entitled to a retirement benefit, payable monthly for life at the following levels:

Any age with 30 years of service;
Age 55 with 25 year of service; or
Age 60 with 10 years of service

The system also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual, publicly available report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608.

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA
AND BAYOU BOEUF LEVEE DISTRICT

Notes to Basic Financial Statements (Continued)

Members are required by state statute to contribute 7.5 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current employer rate is 19.1 percent of annual covered payroll. The contribution requirements of plan members and the office are established and may be amended by state statute. The employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contribution to the System for the year ended June 30, 2007, was \$126,376, equal to the required contribution for each year.

(9) Post Retirement Health Care and Life Insurance Benefits

The District currently provides continuing healthcare and life insurance benefits for its retired employees. Substantially all of the District's employees become eligible for these benefits if they reach normal retirement age while working for the District. The District recognizes the cost of providing these benefits as an expense when the monthly premiums are paid. The cost of providing these benefits to retirees for the year ended June 30, 2007 totaled \$90,480 for 13 retirees.

(10) Compensation of District Officials

Per diem payments are authorized by Louisiana Revised Statute 38:308 and are included in the personal services expenses. Board members are paid \$75 per day to a maximum of 36 days per year for board meeting and/or official business. The board president may receive compensation not to exceed \$1,000 per month in lieu of per diem. Per diem payments for the year ended June 30, 2007 were as follows:

Commissioners:	
Burton Bordelon	\$ 2,700
Andrew Leon	12,000
Jerry Slocum	<u>2,700</u>
Total	<u>\$17,400</u>

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA
AND BAYOU BOEUF LEVEE DISTRICT

Notes to Basic Financial Statements (Continued)

(11) Compensated Absences

At June 30, 2007, employees of the District had accumulated \$74,534 in annual leave benefits which were computed in accordance with GASB Codification Section C60. The following is a summary of the changes in compensated absences:

Beginning balance	\$ 66,285
Additions, net	<u>8,249</u>
Total	<u>\$ 74,534</u>

(12) Litigation and Claims

The District has been named as a defendant in several lawsuits as of June 30, 2007. These suits are at various stages in the legal system. It is not possible to predict at this time the extent of the District's liability. Losses, if any, are not expected to exceed available insurance coverage.

(13) Risk Management

The District is exposed to various risks of loss related to torts; theft of , damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by acquiring and maintaining commercial insurance coverage for each of these risks of loss. Claims resulting from these risks have historically not exceeded insurance coverage, and management believes such coverage is sufficient to preclude any significant uninsured losses to the District.

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA, AND BAYOU BOEUF LEVEE DISTRICT
Schedule of Per Diem Paid to Board Members
For the Year Ended June 30, 2007

<u>Commissioners</u>	<u>Amount</u>
Burton Bordelon - Avoyelles Parish	\$ 2,700
Andrew Leon - President, St. Landry Parish	12,000
Jerry Slocum - Rapides Parish	<u>2,700</u>
Total	<u>\$ 17,400</u>

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

Supplementary information – presented as additional analysis.

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA, AND BAYOU BOEUF LEVEE DISTRICT
Schedule of State Funding
For the Year Ended June 30, 2007

<u>Description of Funding</u>	<u>Amount</u>
State Revenue Sharing	<u>\$ 96,160</u>

Supplementary information – presented as additional analysis.

STATE OF LOUISIANA
RED RIVER, ATCHAFALAYA, AND BAYOU BOEUF LEVEE DISTRICT
Schedule of Long-Term Debt Amortization
For the Year Ended June 30, 2007

Capital Leases

<u>Excavator</u>					
	Fiscal Year				
	Ending	Payment	Interest	Principal	Balance
	6/30/08	26,838	1,492	25,346	17,578
	6/30/09	17,892	314	17,578	-
Totals		<u>44,730</u>	<u>1,806</u>	<u>42,924</u>	

<u>Dozer</u>					
	Fiscal Year				
	Ending	Payment	Interest	Principal	Balance
	6/30/08	21,202	2,136	19,066	40,680
	6/30/09	21,202	1,299	19,903	20,777
	6/30/10	21,202	425	20,777	-
Totals		<u>63,606</u>	<u>3,860</u>	<u>59,746</u>	

Supplementary information – presented as additional analysis.