

BOARD OF LEVEE COMMISSIONERS
OF THE
PONTCHARTRAIN LEVEE DISTRICT
STATE OF LOUISIANA
LUTCHER, LOUISIANA
JUNE 30, 2014

Audit of Financial Statements
JUNE 30, 2014

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INDEPENDENT AUDITORS' REPORT

Board of Levee Commissioners of the
Pontchartrain Levee District
State of Louisiana
Lutcher, Louisiana

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Pontchartrain Levee District (the "Levee District"), a component unit of the State of Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Levee District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 presentations of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

Opinions

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Pontchartrain Levee District as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in conformity 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, the schedule of funding progress for other post-employment benefits information and the budgetary comparison schedules on pages 3 through 5 and 24 and 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Levee District’s basic financial statements. The accompanying supplementary information such as the Board Members’ Per Diem and the Division of Administration Reporting Packet, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Levee District. The division of Administration Reporting Packet and Board Members’ Per Diem is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2014, on our consideration of the Levee District’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results on our audit.



Lake Charles, Louisiana
September 30, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis of the Board of Levee Commissioners of the Pontchartrain Levee District (the "Levee District") financial performance presents a narrative overview and analysis of the commission's financial activities for the year ended June 30, 2014. This document focused on the current year's activities, resulting changes and currently known facts. Please read this document in conjunction with the Levee District's financial statements.

Financial Highlights

- Total net position increased \$2,422,243, to \$42,561,770 at June 30, 2014 from the June 30, 2013 amount of \$40,139,527 - an increase of 6.0%. Part of this increase is due to a prior period adjustment of \$1,793,000.
- The Levee District recorded long-term debt for the other post-employment benefits (other than retirement benefits) liability for retiree's benefits in the amount of \$4,039,064 as required under Government Accounting Standard Board Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. See notes to financial statements for further discussion.
- During fiscal year 2014, the Levee District made levee improvements including levee lifts and other improvements and repairs to pump station totaling \$9,298,670.

Overview of the basic financial statements

This discussion and analysis is intended to serve as an introduction to the Levee District's financial statements, which is comprised of government-wide financial statements, fund financial statements and notes to the financial statements.

The government-wide financial statements present financial information for all activities of the Levee District from an economic resources measurement focus using the accrual basis of accounting. They present governmental activities, such as general government and debt service, separately from business-type activities. The Levee District has only governmental activities. Government-wide financial statements for governmental activities include the Statement of Net Position and the Statement of Activities. They provide information about the activities of the Levee District as a whole and present a longer-term view of the Levee District's finances.

The Levee District has several governmental type funds with its major funds being the General Fund, Special Construction Fund, Cross Bayou Pumping Station Fund and the West Shore Feasibility Study Fund. The fund financial statements are comprised of the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances. These statement report how the Levee District's flood protection services are financed in the short term as well as what remains for future spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Levee District's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Levee District's programs. Fund financial statements also report the Levee District's operations in more detail than the government-wide statements by providing information about the Levee District's major funds. We describe the relationship (or differences) between the governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds in a reconciliation at the bottom of the fund financial statements.

Financial Analysis of the Levee District

The following presents condensed financial information on the operation of the Levee District:

MANAGEMENT'S DISCUSSION AND ANALYSIS

	June 30, 2014	June 30, 2013	Change Inc (Dec)
Current Assets	\$ 25,009,882	\$ 23,900,099	\$ 1,109,783
Capital Assets, net	22,186,945	22,419,713	(232,768)
Total Assets	\$ 47,196,827	\$ 46,319,812	\$ 877,015
Current Liabilities	\$ 365,828	\$ 496,001	\$ (130,173)
Long Term Liabilities	4,269,229	5,684,284	(1,415,055)
Total Liabilities	\$ 4,635,057	\$ 6,180,285	\$ (1,545,228)
Net Investment In Capital Assets	\$ 22,186,945	\$ 22,419,713	\$ (232,768)
Unrestricted Net Position	20,374,825	17,719,814	2,655,011
Total Net Position	\$ 42,561,770	\$ 40,139,527	\$ 2,422,243
General Revenues			
Taxes	8,955,545	9,475,331	(519,786)
Intergovernmental Revenues	536,202	1,791,720	(1,255,518)
Investment	349,495	(97,349)	446,844
Other	86,671	246,592	(159,921)
Total General Revenues	9,927,913	11,416,294	(1,488,381)
Total Expenses	9,298,670	9,243,319	(55,351)
Change in Net Position	\$ 629,243	\$ 2,172,975	\$ (1,433,030)

The Levee District's net position increased from operations by \$629,243 during the fiscal year ended June 30, 2014 primarily due to increased investment earnings as opposed to the prior year.

Analysis of Individual Funds of the Levee District

The activity in the individual funds is reflected in the Balance Sheet – Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds. The total net position and the change in net position as reflected in the government-wide financial statements (which are condensed above) are reconciled with the fund financial statements at the bottom of the respective statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Budgeted Amounts

A comparison of budget to actual for the general fund, capital projects fund and the debt service fund is presented as a required supplemental statement. The annual budget is approved by the Board of Commissioners each year. The budgets is then submitted for approval to the Joint Legislative Committee on the budget no later than ninety days prior to the end of each fiscal year for the succeeding fiscal year for review. The fiscal year ended June 30, 2014, original budget was adopted June 13, 2014.

The Levee District prepares the original budget for the subsequent year based on estimates of revenues and expenses for the current year. The Levee District makes assumptions about the subsequent year based on various factors available to management at the time the original budget is prepared. Management relies on the estimates and assumptions to determine how revenues and expenses for the subsequent year may fluctuate from the previous year.

Economic Factors and Next Year's Budgets

The Levee District does not expect any significant variances for revenue or expenditure accounts between fiscal years ending June 30, 2014 and June 30, 2013.

Capital Assets and Long Term Debt Administration

Capital Assets

As of June 30, 2014, the Levee District had \$22,186,945 (net of depreciation) invested in a broad range of capital assets including land, building, equipment and infrastructure (lock system, pump stations and pumps). The levees are not owned by the Levee District and the Levee District is not responsible for significant maintenance on them; therefore, they are not recorded as capital assets. During the current year, the Levee District recorded \$681,717 of capital acquisitions and \$914,485 of depreciation.

Long Term Debt

The Levee District has recorded compensated absences payable as of June 30, 2014, in the amount of \$230,165, which represents an increase of \$20,679 from the prior year.

Also included in long term debt is the other post-employment benefits liability for retiree's benefits in the amount of \$4,039,064 as required under Government Accounting Standard Board Statements No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. See notes to financial statements for further discussion.

Contacting the Levee District's Financial Management

This report is designed to provide our citizens, taxpayers and creditors with a general overview of the Levee District's finances. If you have any questions regarding this report, contact Monica Salins at 225-869-9721.

PONTCHARTRAIN LEVEE DISTRICT
STATE OF LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS

Cash in Banks	\$ 9,379,792
Investments	15,270,831
Accounts receivable	54,761
Prepaid insurance	264,931
Inventories	39,567
Property and equipment, net	<u>22,186,945</u>
Total assets	<u><u>\$ 47,196,827</u></u>

LIABILITIES AND NET POSITION

Liabilities	
Accounts payable	\$ 224,308
Salaries and wages payable	141,520
Accrued compensated absences	230,165
Other post employment benefits payable	<u>4,039,064</u>
Total liabilities	<u><u>4,635,057</u></u>

Net position	
Net Investment in Capital Assets	22,186,945
Unrestricted	<u>20,374,825</u>
Total net position	<u><u>42,561,770</u></u>
Total liabilities and net position	<u><u>\$ 47,196,827</u></u>

The accompanying notes are an integral part of these financial statements.

PONTCHARTRAIN LEVEE DISTRICT
STATE OF LOUISIANA
STATEMENT OF ACTIVITIES
JUNE 30, 2014

	PROGRAM REVENUES			
Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue and Change in Net Position Governmental Activities	
Functions/programs				
Governmental activities				
Levee maintenance	\$ 9,298,670	\$ -	\$ -	\$ (9,298,670)
Total governmental activities	\$ 9,298,670	\$ -	\$ -	(9,298,670)
General Revenues:				
Taxes				8,955,545
Intergovernmental revenues				536,202
Investment income				349,495
Miscellaneous				86,671
Total general revenues				9,927,913
Change in net position				629,243
Net position - beginning of the year as previously stated				40,139,527
Prior period adjustment				1,793,000
Net position - end of the year				\$ 42,561,770

The accompanying notes are an integral part of these financial statements.

PONTCHARTRAIN LEVEE DISTRICT
STATE OF LOUISIANA
GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

	Major Funds				Non-major		Total Governmental Funds
	General Fund	Special Construction Fund	Cross Bayou Pumping Station	West Shore Feasibility Study Fund	Other Funds		
ASSETS							
Cash	\$ 6,395,805	\$ 627,035	\$ 1,729,361	\$ 317,757	\$ 309,834	\$ -	\$ 9,379,792
Investments	8,542,344	6,728,487	-	-	-	-	15,270,831
Accounts receivable	33,141	21,620	-	-	-	-	54,761
Prepaid insurance	264,931	-	-	-	-	-	264,931
Inventories	39,567	-	-	-	-	-	39,567
Total assets	\$ 15,275,788	\$ 7,377,142	\$ 1,729,361	\$ 317,757	\$ 309,834	\$ -	\$ 25,009,882
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 154,878	\$ 11,789	\$ 42,153	\$ 15,488	\$ -	\$ -	\$ 224,308
Salaries payable	141,520	-	-	-	-	-	141,520
Total liabilities	296,398	11,789	42,153	15,488	-	-	365,828
Fund balances							
Nonspendable	304,498	-	-	-	-	-	304,498
Restricted	-	-	-	-	-	-	-
Committed	11,892,855	7,365,353	1,687,208	302,269	309,834	-	21,557,519
Assigned	1,410,924	-	-	-	-	-	1,410,924
Unassigned	1,371,113	-	-	-	-	-	1,371,113
Total fund balances	14,979,390	7,365,353	1,687,208	302,269	309,834	-	24,644,054
Total liabilities/fund bal	\$ 15,275,788	\$ 7,377,142	\$ 1,729,361	\$ 317,757	\$ 309,834	\$ -	\$ -

Amounts reported for governmental activities in the statement of net position are different because:

The purchase of capital assets are reported as expenditures as they are incurred in the governmental funds. The statement of net position reports capital outlays as an asset of the District. These capital assets are depreciated over their estimated useful lives in the statement of activities and are not reported in the governmental funds.

26,773,358
(4,586,413)

Long term liabilities that are not due and payable in the current period are not reported as a liability in the governmental funds. All liabilities - both current and long term - are reported in the statement of net position.

Accrued compensated absences	(230,165)
Other postemployment benefits liability	(4,039,064)

Net position of governmental activities	\$ 42,561,770
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The accompanying notes are an integral part of these financial statements.

**PONTCHARTRAIN LEVEE DISTRICT
STATE OF LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014**

	Major Funds				Non-major		Total Governmental Funds
	General Fund	Special Construction Fund	Cross Bayou Pumping Station Fund	West Shore Feasibility Study Fund	Other Funds		
REVENUES							
Taxes	\$ 8,955,545	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,955,545
Intergovernmental	346,577	-	-	-	189,625	-	536,202
Investment income	210,831	138,657	-	7	-	-	349,495
Miscellaneous	6,671	-	-	-	80,000	-	86,671
Total revenues	9,519,624	138,657	-	7	269,625	-	9,927,913
EXPENDITURES							
Executive	91,614	-	-	-	-	-	91,614
General administrative	1,719,248	15,473	-	1,000	1,312	-	1,737,033
Levee maintenance	4,175,437	125,587	281,158	757,875	50,724	-	5,390,781
Police department	878,427	-	-	-	-	-	878,427
Capital outlay	681,717	-	-	-	-	-	681,717
Total Expenditures	7,454,829	141,060	281,158	758,875	52,036	-	8,687,958
Excess (deficiency) of revenues over (under) expenditures	2,064,795	(2,403)	(281,158)	(758,868)	217,589	-	1,239,955
OTHER FINANCING SOURCES (USES)							
Operating transfers in	1,000,000	200,000	1,000,000	725,037	-	-	2,925,037
Operating transfers out	(1,925,037)	-	(1,000,000)	-	-	-	(2,925,037)
Total other financing sources (uses)	(925,037)	200,000	-	725,037	-	-	-
Excess of revenues and other financing sources over expenditures and other financing uses	1,139,758	197,597	(281,158)	(33,831)	217,589	-	1,239,955
Fund balances-beginning	13,839,632	7,167,756	1,968,366	336,100	92,245	-	
Fund balances-end	\$ 14,979,390	\$ 7,365,353	\$ 1,687,208	\$ 302,269	\$ 309,834	\$ -	

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is capitalized in the statement of net position.

This is the amount by which depreciation expense exceeded capital outlay during the year. (232,768)

Governmental funds report changes in certain liabilities in the General Long Term Debt Account Group, however the changes affect costs in the statement of activities.

Personnel cost decrease due to compensated absences. (20,679)

Adjusted for other post-employment benefits (357,265)

Change in net position of governmental activities \$ 629,243

The accompanying notes are an integral part of these financial statements.

PONTCHARTRAIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

INTRODUCTION

The Board of Levee Commissioners of the Pontchartrain Levee District (the "Levee District") was created by Louisiana Revised Statute 38:291. The Levee District includes all or portions of the following parishes: East Baton Rouge, Iberville, Ascension, St. James, St. John the Baptist and St. Charles. The Levee District primarily provides flood protection for those areas in the Levee District and is authorized to construct and maintain levees, levee drainage, pumps, pumping stations, drainage canals, sea wall, jetties, and breakwaters in the district to protect the lands from overflow and particularly from hurricane floodwaters and from inundation from tidewaters from the Gulf of Mexico. The Levee District administers the operations and responsibilities of Louisiana Statutes. Members of the Board are appointed by the Governor in accordance with the provisions of Louisiana Revised Statute 38:304.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

In June 1999, the Governmental Accounting Standards Board (GASB) approved Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*". The State of Louisiana and its components elected to implement the provision of this statement for the year ended June 30, 2002. The implementation of this statement has created additional statements, schedules, reports and note disclosures as follows:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the overall financial position and results of operations.
- Financial Statements are prepared using the full accrual accounting methods:
 - Depreciation is recorded on depreciable assets, and property and equipment (including infrastructure) is recorded net of accumulated depreciation.
- The basic financial statements include Government-wide Statements and Fund Financial Statements, as explained in the following note disclosures:

Reporting Entity

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the reporting entity for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the State to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the State.
2. Organizations for which the State does not appoint a voting majority but are fiscally dependent on the State.
3. Organizations for which the reporting entity financial statement would be misleading if data of the organization is not included because of the nature or significance of the relationship.

PONTCHARTRAIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Because the State of Louisiana, via the Governor, appoints all of the member of the Levee District's governing board and has the ability to impose its will on the Levee District, the Levee District was determined to be a component unit of the State of Louisiana. The accompanying financial statements present information only on the funds maintained by the Levee District and do not present information on the State of Louisiana, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 or segment and (2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

Policies specific to the government-wide financial statement are as follows:

Eliminating Internal Activity

Interfund receivables and payables are eliminated in the Statement of Net Position except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The Levee District has no business-type activities.

Application of FASB Statement and Interpretations

Reporting on governmental-type activities is based on FASB Statement and Interpretations issued after November 30, 1989, except where they conflict or contradict FASB pronouncements.

Capitalizing Assets

Assets used in operation with an initial useful life that extends beyond one year are capitalized. Building, equipment, furniture and fixtures and infrastructure are depreciated over their estimated useful lives using the straight line method. Depreciation is not calculated on land, land improvements or construction in progress. Accumulated depreciation is recorded net of depreciable assets in the Statement of Net Position.

Program Revenues

The Statement of Activities presents two categories of program revenues – (1) charges for services and (2) capital grants and contributions.

PONTCHARTRAIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Charges for services – are revenues from exchanges or exchange like transactions with external parties that purchase, use or directly benefit from the program’s goods, services or privileges. These revenues include fees charged for specific services, licenses and permits, and operating special assessment and include payments from exchange transactions with other governments. The Levee District receives no fees for services.

Capital grants and contributions – are resources that are restricted for operating purposes of a program. They include grants and contributions with restrictions that permit the resources to be used for programs operating of capital needs at the recipient government’s discretion.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statement are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measureable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within thirty-one days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to various governmental funds according to the purpose for which they may or may not be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The Levee District report the following major governmental funds:

General Fund

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

PONTCHARTRAIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. The fund is presently being used to account for the construction of the levee system and pumping stations in the Levee District.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon thereafter to be used to pay the liabilities of the current fiscal year. For the Levee District, available means expected to be received within thirty-one days of the fiscal year-end. Under the modified accrual basis, only interest is considered to be both measurable and available at fiscal year-end.

Non-exchange transactions, in which the Levee District receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements including timing requirements, which specify the year when resources are required to be used, matching requirements, in which the Levee District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Levee District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Revenues – Taxes

Ad valorem taxes are assessed on a calendar year basis, become due on November 15th of each year, and become delinquent on December 31st. Ad valorem taxes are recorded in the year the taxes are received. Sales taxes are recorded as revenue based on the month paid by the taxpayer. Sales taxes received by the Levee District in August are for the month of June and are recorded as a receivable as of June 30th. If taxes were recorded when assessed the amount recorded would not be materially different from the amount actually recorded in the financial statements.

Expenses/Expenditures

On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

Other Financing Sources (Uses)

In governmental fund accounting, transfers between funds, which are not expected to be repaid, are accounted for as other financing sources (uses). In those cases where repayment is expected, the advances are accounted for through the various “due from” and “due to” accounts. These amounts are eliminated in the government-wide financial statements.

PONTCHARTRAIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Proceeds from the issuance of bonds are accounted for as other financing sources in the governmental funds. These amounts are recorded as liabilities in the government-wide financial statements.

Property and Equipment

Property and Equipment are recorded at cost, if purchased or constructed. Assets acquired through contributions are capitalized at their estimated fair value, if available, or at estimated fair value or cost to construct at the date of the contribution. Equipment includes all items valued above \$5,000 and infrastructure includes the cost to construct and improve the pumps, pump stations and lock systems. Assets are depreciated using the straight-line method over the useful lives of the assets as follows:

<u>Asset</u>	<u>Years</u>
Automobiles	5
Equipment	5-10
Furniture and Fixtures	7
Buildings	40
Infrastructure	40

The Levee District provides general maintenance to forty-four miles of levees, which are not recorded in these financial statements because the District does not own the levees and is not responsible for significant maintenance on them.

Under GASB Statement No. 34, the government-wide financial statements and the fund financial statements do not include the General Fixed Asset Account Group.

Long-Term Obligations

Long-term obligations are reported at face value.

Under GASB Statement No. 34, the government-wide financial statement and the fund financial statements do not include the General Long Term Debt Account Group.

Budget Practices

The budget practices of the Levee District are prescribed by Louisiana Revised Statute 38:318. This statute requires the Levee District to submit its annual budget to the Joint Legislative Committee on the Budget, no later than 90 days prior to the end of each fiscal year for the succeeding fiscal year for review.

The Levee District prepares budgets for all its funds but does not budget the beginning fund balance for the Debt Service Fund. The budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). The budgets were amended once during the fiscal year.

PONTCHARTRAIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Amendments to the budget must be approved by the Board of Commissioners.

Appropriations which are not expended lapse at year end.

Encumbrances

Encumbrance accounting is not utilized by the Levee District.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include demand deposits in banks and the State Treasury. The caption "cash" on the Statement of net position includes all cash on deposit at banks, including certificates of deposit with an original maturity of less than 90 days. If the original maturity exceeds 90 days, they are classified as investments.

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana or any other federally insured investments, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Louisiana state law requires deposits (cash and certificates of deposit) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision. The market value of the demand deposits and certificates of deposit is equal to their cost.

Compensated Absences

Employees earn and accumulate annual and sick leave at various rates based on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, an employee is compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is considered in computing the years of service for retirement benefit purposes.

Inventories

Inventories of fuel and mower parts are valued at the lower of cost or market and are recorded as expenditures at the time individual inventory items are purchased. The Levee District uses a periodic inventory system and values its inventory using the first-in, first-out (FIFO) valuation method. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute available expendable resources even though they are a component of net position.

PONTCHARTRAIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Fund Balance Classification Policies and Procedures

GASB 54 requires fund balances to be categorized as nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Amounts that are restricted are those in which constraints have been placed on the use of the resource. Committed fund balances are those amounts that can only be used for a specific purpose pursuant to constraints imposed by formal action of the Board of Commissioners. Assigned amounts are those that are constrained by management and the governing body, intended for a specific purpose, and not imposed by formal actions. Unassigned fund balance is a residual classification for those amounts not restricted, committed, or assigned.

NOTE 2. JUDGEMENTS, CLAIMS, AND SIMILAR CONTIGENCIES:

The Levee District is a defendant in several lawsuits involving disputed land ownership and right-of-way. The estimate of the amount or range of loss is between approximately \$150,000 and \$28 million. In the prior year, there was an accrual of \$1,793,000 as the probable settlement of these claims. Per GASB Codification C50, legal counsel's opinion is that the potential loss is reasonably possible but not probable. For this reason, a prior period adjustment writing off the previous year's claims payable is shown on the Statement of Activities.

NOTE 3. PENSION PLAN:

Substantially, all employees of the Levee District are members of the Louisiana State Employees Retirement System (LASERS), a cost-sharing, multi-employer public employee retirement system. LASERS is a statewide public retirement system, which is organized for the purpose of providing retirement and other benefits for employees of the state and its various departments and agencies and their beneficiaries, and is administered and controlled by a separate Board of Trustees. Contributions of participating state agencies are pooled within LASERS to fund accrued benefits, with contribution rates approved by the Louisiana Legislature.

All full-time Levee District employees are eligible to participate in LASERS. Benefits vest with ten years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service. Vested employees are entitled to a retirement benefit payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. LASERS also provides death and disability benefits. Benefits are established by state statute. LASERS issues an annual publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (225) 922-0600.

PONTCHARTRAIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3. PENSION PLAN (continued):

Covered employees are required by state statute to contribute 7.5% of gross salary (8% if hired after July 1, 2006) and the Levee District is required to contribute at an actuarially determined rate. The contribution rate for the fiscal year ended June 30, 2014, was 29.2% of covered payroll; for June 30, 2013, was 29.1% of covered payroll; and for June 30, 2012, it was 25.6%. The contribution requirements of plan members and the Levee District are established and may be amended by state statute. As provided by R.S. 11:102, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation from the prior fiscal year. The Pontchartrain Levee District contributions to LASERS for the years ended June 30, 2014, 2013, and 2012 were \$542,413, \$441,577 and \$376,370, respectively, equal to the required contributions for each year.

NOTE 4. PER DIEM PAID BOARD MEMBERS:

Per diem payments are presented on Schedule IV. The per diem payments are authorized by Louisiana Revised Statute 38:308.

NOTE 5. PROPERTY AND EQUIPMENT:

At June 30, 2014, the Levee District reported the following capital assets valued at historical cost. A summary of changes in capital assets is as follows:

	June 30, 2013	Adjustments	Additions	Deletions	June 30, 2014
Assets not being depreciated:					
Land	\$ 804,132	\$ -	\$ 293,544	\$ -	\$ 1,097,676
Total not depreciated	804,132	-	293,544	-	1,097,676
Assets being depreciated					
Buildings	1,218,641	-	-	-	1,218,641
Equipment	3,737,157	-	388,173	254,388	3,870,942
Infrastructure	20,586,099	-	-	-	20,586,099
Total assets being depreciated	25,541,897	-	388,173	254,388	25,675,682
Total Capital Assets	26,346,029	-	681,717	254,388	26,773,358
Accumulated Depreciation:					
Buildings	425,815	-	41,621	-	467,436
Equipment	2,728,523	-	358,211	254,388	2,832,346
Infrastructure	771,978	-	514,653	-	1,286,631
Total Accumulated depreciation	3,926,316	-	914,485	254,388	4,586,413
Total Capital Assets, net	\$ 22,419,713	\$ -	(232,768)	\$ -	22,186,945

Depreciation expense amounted to \$914,485 for the year ended June 30, 2014.

PONTCHARTRAIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6. LONG-TERM OBLIGATIONS:

Changes in Long-Term Liabilities

A summary of changes in long-term liabilities follows:

	July 1, 2013	Additions	Deletions	Adjustments	June 30, 2014	Amounts due within one year
OPEB Payable	3,681,799	357,265	-	-	4,039,064	-
Compensated Absences	209,485	20,680	-	-	230,165	-
	<u>\$ 3,891,284</u>	<u>\$ 377,945</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,269,229</u>	<u>\$ -</u>

NOTE 7. DEPOSITS IN FINANCIAL INSTITUTIONS:

Cash and Cash Equivalents

The carrying amounts of the Levee District's deposits are as follows for the year ended June 30, 2014:

Demand deposits	<u>\$ 9,379,792</u>
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Custodial credit risk

Under State law, deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

At June 30, 2014, the Levee District has \$8,886,721 in bank balances for cash deposits which is not necessarily equal to the balance sheet cash balance due to outstanding items. \$250,000 of the bank balances are covered by FDIC Insurance, the remaining \$8,636,721 of deposits are secured with pledged securities held by the Levee District's agent in Pontchartrain Levee District's name.

PONTCHARTRAIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8. INVESTMENTS:

The Levee District maintains investment account as authorized by Louisiana Revised Statute 33 2955. Investments are stated at fair value. Per Louisiana Revised Statute 39 255, the Levee District may only invest in specified obligations. The current investment obligations are in accordance with the State statute and rated AAA by Standard and Poor’s Moody’s Investors Service and Fitch Ratings

Custodial credit risk

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are either held by the counterparty or the counterparty’s trust department or agent but not in the entity’s name. The following table shows each type of investment and discloses the total carrying amounts and market values. All investments listed below are registered in the name of the Levee District.

Investments at June 30, 2014, are comprised of:

	<u>Reported Amount</u>	<u>Market Value</u>
US Government Securities	<u>\$ 15,270,831</u>	<u>\$ 15,270,831</u>

All investments are obligations of or guaranteed by the United States Government.

Concentration of credit risk

The Levee District’s investment policy does not allow for funds contracted with an investment advisor, for management purposes to exceed ten percent of the advisor’s assets under management.

Interest rate risk

In accordance with its investment policy, the Levee District manages its exposure to declines in fair values by permitting shifts along the yield curve and between sectors of the fixed income market. The Levee District minimizes risk through diversification, thus the portfolio may not hold more than thirty percent at cost of any single bond issue.

Maturities of investments

The maturity of the US Government Securities are as follows:

1 to 5 years	\$ 12,566,680	
6 to 10 years	<u>2,704,151</u>	
	<u>\$ 15,270,831</u>	

PONTCHARTRAIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS:

Plan description

Louisiana State employees may participate in the State's Other Post-employment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The Office of Group Benefits administers the plan. LRS 42:801-883 provides the authority to establish and amend benefit provisions of the plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in Louisiana Comprehensive Annual Financial Report (CAFR).

You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

Funding Policy

The plan is currently financed on a pay-as-you-go basis. The contribution requirements of plant member and the Board are established and may be amended by LRS 42:801-883. Employees do not contribute to their postemployment benefits 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.

Annual OPEB Cost

The Levee District's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the fiscal year ended June 30, 2014, is \$474,000.

The following table presents the Levee District's OPEB Obligation for the fiscal year 2014:

Annual required contribution	\$ 474,000
Interest on Net OPEM Obligation	147,300
ARC Adjustment	<u>(140,700)</u>
OPEB Cost	480,600
Contributions made (retiree cost)	<u>123,335</u>
Change in Net OPEB Obligation July 1, 2013	357,265
Ending Net OPEB Obligation June 30, 2014	<u>3,681,799</u>
	<u>\$ 4,039,064</u>

PONTCHARTRAIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (continued):

Utilizing the pay-as-you-go method, the Levee District contributed 3.05% and 4.55% of the annual post-employment benefits cost during 2014 and 2013, respectively.

Funded Status and Funding Progress

During the year ended June 30, 2014, the Levee District made contributions of \$123,335 to its OPEB trust. A trust was established with an effective date of July 1, 2008, but was not funded at all, has no assets, and hence has a funded ratio of zero. Since the plan was not funded, the entire actuarial accrued liability of \$6,787,900 was unfunded.

The funded status of the plan as of July 1, 2013, was as follows:

Actuarial accrued liability (AAL)	\$ 6,787,900
Actuarial value of plan assets	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	6,787,900
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employee covered by the plan)	\$ 1,854,614
UAAL as a percentage of covered payroll	366.00%

Actuarial Methods of 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, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projection 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 member to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In July 1, 2013, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 8.0% and 6.0% for pre-Medicare and Medicare eligible, respectively, scaling down to ultimate rates of 4.5% per year. The Levee District's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2014, was thirty years.

PONTCHARTRAIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10. COMMITMENTS AND CONTINGENCIES:

West Shore Feasibility

The Levee District has entered into an agreement with the U.S. Corps of Engineers whereby the Corps will conduct a "Feasibility Phase Study" to assess the extent of Federal interest in participating in a solution to the problem of hurricane protection and flood control in St. John the Baptist Parish.

The Water Resources Act of 1996 requires local non-federal funding of 50% of the study cost. The local non-federal portion of the study is estimated to be \$1,500,000. The Levee District has entered into a cooperative agreement with St. John the Baptist Parish whereby the Levee District will pay 77.5% of the non-federal portion of the study cost and St. John the Baptist Parish will provide the remaining 22.5%. The balance of funding needed to complete this study totaled approximately \$225,000 as of June 30, 2014.

St. Charles Parish Urban Flood Control Feasibility Study

The Levee District has entered into an agreement with the U.S. Corps of Engineers whereby the Corps will conduct a "Feasibility Phase Study" to assess the extent of Federal interest in participating in a solution to the problem of hurricane protection and flood control in St. Charles Parish. The Water Resources Act of 1996 requires local non-federal funding of 50% of the study cost.

To date, the Levee District has allocated approximately \$32,000,000 for the design and construction of Lake Pontchartrain Hurricane Protection Levee Pump Stations.

NOTE 11. SUBSEQUENT EVENTS:

Management has evaluated events through September 30, 2014, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

NOTE 12. LEVEE DISTRICT TAXES:

Article 6, Section 39 of the 1974 Louisiana Constitution provides that for the purpose of constructing and maintaining levees, levee drainage, flood protection, hurricane flood protection and for all other purposes incidental thereto, the Levee District may levy annually a tax not to exceed five mills. If the Levee District needs to raise additional funds in excess of the amount collected constitutionally, the taxes in excess of five mills must be approved by a majority vote of the electors. The Levee has levied a tax of 3.47 mills.

NOTE 13. INFRASTRUCTURE:

The United States Corps of Engineers owns the levees and provides the major maintenance to the levees. The levees are along the corridor along the river. The Levee District provides minor maintenance such as grass cutting along the east bank of the levee from East Baton Rouge Parish to St. Charles Parish which is approximately 115 miles long. The approximate cost of the levees as determined by the Corps of Engineers is \$484,064 per mile for the total cost of \$55,667,360. As such levees provide vital protection to the large petro-chemical industries located along the river from the annual spring rise in river levels.

NOTE 14. GRANTORS:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such grantor agencies, principally the state of Louisiana. Any disallowed claims, including amounts collected, may constitute a liability of the applicable funds.

REQUIRED SUPPLEMENTARY SCHEDULES – PART II

**PONTCHARTRAIN LEVEE DISTRICT
STATE OF LOUISIANA
SCHEDULE 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR END JUNE 30, 2014**

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 9,486,868	\$ 8,955,545	\$ (531,323)
Intergovernmental Revenues	355,990	346,577	(9,413)
Investment Income	77,475	210,831	133,356
Other Revenues	-	6,671	6,671
Total Revenues	<u>9,920,333</u>	<u>9,519,624</u>	<u>(400,709)</u>
EXPENDITURES			
Executive	131,190	91,614	39,576
General Administrative	1,411,710	1,719,248	(307,538)
Levee Maintenance	6,836,295	4,175,437	2,660,858
Police Department	962,960	878,427	84,533
Capital Outlay	622,900	681,717	(58,817)
Total Expenditures	<u>9,965,055</u>	<u>7,454,829</u>	<u>2,379,036</u>
Excess of revenues over expenditures	<u>(44,722)</u>	<u>2,064,795</u>	<u>2,109,517</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfer In	-	1,000,000	1,000,000
Operating Transfers Out	(1,250,000)	(1,925,037)	(675,037)
Total other financing sources (uses)	<u>(1,250,000)</u>	<u>(925,037)</u>	<u>324,963</u>
Excess of revenues and other financing sources over expenses and other financing uses	<u>(1,294,722)</u>	<u>1,139,758</u>	<u>2,434,480</u>
Fund balances - beginning of year	<u>13,839,631</u>	<u>13,839,631</u>	<u>-</u>
Fund balances - end of year	<u>\$ 12,544,909</u>	<u>\$ 14,979,389</u>	<u>\$ 2,434,480</u>

See accompanying notes to financial statements.

**PONTCHARTRAIN LEVEE DISTRICT
STATE OF LOUISIANA
SCHEDULE II
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2014**

Required Supplementary Information
Schedule of Funding Progress for Louisiana's State OPEB Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Projected Unit Cost	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2010	\$ -	\$ 8,131,300	\$ 8,131,300	0.00%	\$ 1,823,600	445.89%
7/1/2011	\$ -	\$ 6,264,100	\$ 6,264,100	0.00%	\$ 2,035,900	307.68%
7/1/2012	\$ -	\$ 6,702,000	\$ 6,702,000	0.00%	\$ 1,906,700	351.50%
7/1/2013	\$ -	\$ 6,787,900	\$ 6,787,900	0.00%	\$ 1,854,614	366.00%

Other Supplementary Information

**PONTCHARTRAIN LEVEE DISTRICT
STATE OF LOUISIANA
SCHEDULE III
PER DIEM PAID BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2014**

The schedule of per diem paid to board members of the Levee District is presented 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 general administrative expenditures of the General Fund. Board members are paid \$75 per meeting for up to 36 meetings each year, except the Board President who receives a per diem of \$1,000 per month.

Name	Amount
Henry Baptiste	\$ 600
Patrick Bell	1,725
Ricky Bosco	1,725
Perry Hebert	975
Leonard Irvin	2,250
Marty Poche	2,700
Jerry Savoy	2,625
Allen St. Pierre	2,700
	<u>\$ 15,300</u>

**PONTCHARTRAIN LEVEE DISTRICT
STATE OF LOUISIANA
NON-MAJOR FUNDS DESCRIPTION**

CAPITAL PROJECTS FUNDS

Capital Projects Funds account for the acquisition or construction of major capital facilities.

St. Charles Urban Flood Control Fund

The St. Charles Urban Flood Control Fund is used to account for expenditures made for the purpose of building and maintaining flood prevention measures in urban and residential areas in St. Charles Parish.

Amite River and Tributaries Fund

The Amite River and Tributaries Fund is used to account for expenditures made for the purpose of building and maintaining flood prevention measures in urban and residential areas near the Amite River in Ascension Parish.

**PONTCHARTRAIN LEVEE DISTRICT
STATE OF LOUISIANA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2014**

	St. Charles Urban Flood Control Fund	Amite River and Tributaries Fund	Total Non-Major Funds
<u>ASSETS</u>			
Cash & Cash Equivalents	\$ 9,286	\$ 300,548	\$ 309,834
Accounts Receivable	-	-	-
Due from Other Funds	-	-	-
TOTAL ASSETS	\$ 9,286	\$ 300,548	\$ 309,834
LIABILITIES AND FUND BALANCE			
<u>LIABILITIES</u>			
Accounts Payable	\$ -	\$ -	\$ -
Other Accrued Expenses	-	-	-
Due to Other Funds	-	-	-
TOTAL LIABILITIES	-	-	-
<u>FUND BALANCE</u>			
Committed	9,286	300,548	309,834
<u>TOTAL LIABILITIES AND</u>			
<u>FUND BALANCE</u>	<u>\$ 9,286</u>	<u>\$ 300,548</u>	<u>\$ 309,834</u>

**PONTCHARTRAIN LEVEE DISTRICT
STATE OF LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	St. Charles Urban Flood Control Fund	Amite River and Tributaries Fund	Total Non-Major Funds
<u>Revenues</u>			
Intergovernmental	\$ -	\$ 189,625	\$ 189,625
Other	-	80,000	80,000
Total Revenues	-	269,625	269,625
<u>Expenditures</u>			
General Administrative	1,312	-	1,312
Levee Maintenance	-	50,724	50,724
Total Expenditures	1,312	50,724	52,036
<u>Excess (Deficiency) of Revenues Over Expenditures</u>			
	(1,312)	218,901	217,589
<u>Other Financing Sources (Uses)</u>			
Transfers In	-	-	-
Net Change in Fund Balance	(1,312)	218,901	217,589
Fund Balance at Beginning of Year	10,598	81,647	92,245
FUND BALANCE AT END OF YEAR	\$ 9,286	\$ 300,548	\$ 309,834

PONTCHARTRAIN LEVEE DISTRICT
STATE REVENUE SHARING
FOR THE YEAR ENDED JUNE 30, 2014

State Revenue Sharing	<u>\$346,577</u>
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Broussard & Company
Certified Public Accountants

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*

Board of Levee Commissioners of the
Pontchartrain Levee District
State of Louisiana
Lutcher, 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 in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Pontchartrain Levee District (the "Levee District"), a component unit of the State of Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Levee District's basic financial statements and have issued our report thereon dated September 30, 2014.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Levee District'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Levee District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Levee District'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 statement 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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Levee District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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 on 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 no to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of 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.

A handwritten signature in cursive script that reads "Broussard and Company".

Lake Charles, Louisiana
September 30, 2014

BOARD OF COMMISSIONERS
PONTCHARTRAIN LEVEE DISTRICT
STATE OF LOUISIANA
SCHEDULE OF FINDING AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

We have audited the financial statements of the governmental activities and each major fund of the Board of Levee Commissioners of the Pontchartrain Levee District ("the Levee District") as of and for the year ended June 30, 2014, and have issued our report thereon dated September 30, 2014. 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. Our audit of the financial statements as of June 30, 2014 resulted in an unmodified opinion.

Section I – Summary of Auditor’s Reports

a. Report on Internal control and compliance Material to the Financial Statements:

Internal Control:

Material Weakness – NO
Significant Deficiency – NO
Other Conditions – NO

Compliance:

Compliance Material to the Financial Statements – NO

b. Federal Awards:

Not applicable.

Section II – Financial Statement Findings

Not applicable.

Section III – Federal Award Findings and Questioned Costs

Not applicable.

Section IV – Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2014.

DIVISION OF ADMINISTRATION REPORTING PACKET – ANNUAL FINANCIAL REPORT

Pontchartrain Levee District
 STATE OF LOUISIANA
 Annual Financial Statements
 June 30, 2014

C O N T E N T S

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The Appendices Packet is located as a separate packet on OSRAP's website at <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>.

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ended June 30, 20__

PONTCHARTRAIN LEVEE DISTRICT
P.O. Box 426
Witcher, Louisiana 70071
(Agency Name & Mailing Address)

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

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

LLAFileroom@lla.la.gov.

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

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

AFFIDAVIT

Personally came and appeared before the undersigned authority, MONICA SALINS, Executive Director (Name)
(Title) of Pontchartrain Levee District (Agency) who duly sworn, deposes and says, that the financial
statements herewith given present fairly the financial position of Pontchartrain Levee District (Agency) at June
30, 2014 and the results of operations for the year then ended in accordance with policies and practices established
by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed
by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 22nd day of

August 2014
[Signature]
Signature of Agency Official

[Signature]
NOTARY PUBLIC
Justine E. James, Notary Public
Parish of Ascension, State of Louisiana
Notary ID #32524
Commissioned for Life

Prepared by: MONICA SALINS

Title: Executive Director

Telephone No.: 225-869-9721

Date: August 22, 2014

Email Address: MSalins@leveedistrict.org

GENERAL INSTRUCTIONS FOR THE BUSINESS-TYPE ACTIVITY AFR PACKET

Please use the following matrix to determine if your entity should prepare the MD&A or the Statement of Activities. To use the matrix, find your entity in the chart (in alphabetical order by fund type) then follow the "X" across. An "X" indicates that the applicable statement or schedule should be completed and included in your entity's AFR. If you are unable to locate your entity on the matrix, contact OSRAP for further instructions.

Note: If your entity is identified as an internal service fund on the matrix, **do not** complete Note J(2) Schedule B for LEAF Capital Leases. You should complete all other applicable sections of Note J.

BTA Matrix FYE 6/30/2014	Statement	
	MD&A	SOA
Enterprise Funds		
Additive Disorder Regulatory Authority		X
Barbers Examiners Board		X
Board of Examiners of Certified Shorthand Reporters		X
Board of Examiners of Nursing Facilities Administrators		X
Brownsville Cleanup Revolving Fund		X
Chiropractic Examiners Board		X
Clean Water State Revolving Fund		X
Crayfish Promotion and Research Board		X
Dairy Industry Promotion Board		X
Donald J. Thibodeaux Training Academy		X
Drinking Water Revolving Loan Fund		X
Federal Property Assistance		X
LA Coastal Protection & Restoration Financing Corporation		X
Licensed Professional Counselors Board of Examiners		X
Louisiana Agricultural Finance Authority		X
Louisiana Animal Welfare Commission		X
Louisiana Auctioneers Licensing Board		X
Louisiana Behavioral Analyst Board		X
Louisiana Board of Architectural Examiners		X
Louisiana Board of Examiners for Speech-Language Pathology and Audiology		X
Louisiana Board of Examiners in Dietetics and Nutrition		X
Louisiana Board of Interior Designers		X
Louisiana Board of Massage Therapy		X
Louisiana Board of Pharmacy		X
Louisiana Board of Professional Geoscientist		X
Louisiana Board of Wholesale Drug Distributors		X
Louisiana Catfish Promotion and Research Board		X

**BTA Matrix
FYE 6/30/2014**

	MD&A	Statement SOA #C:
Enterprise Funds		
Louisiana Cemetery Board		X
Louisiana Community and Technical Colleges System		X
Louisiana Gulf Opportunity Zone Loan Fund		X
Louisiana Licensed Professional Vocational Rehabilitation Counselors Board		X
Louisiana Physical Therapy Board		X
Louisiana Professional Engineering & Land Surveying Board		X
Louisiana Property Assistance Agency		X
Louisiana Real Estate Appraisers State Board of Certification		X
Louisiana Real Estate Commission		X
Louisiana Rice Promotion Board		X
Louisiana Rice Research Board		X
Louisiana Soybean and Grain Research and Promotion Board		X
Louisiana State Board for Hearing Aid Dealers		X
Louisiana State Board of Dentistry		X
Louisiana State Board of Electrolysis Examiners		X
Louisiana State Board of Embalmers and Funeral Directors		X
Louisiana State Board of Examiners for Sanitariums		X
Louisiana State Board of Medical Examiners		X
Louisiana State Board of Nursing		X
Louisiana State Board of Optometry Examiners		X
Louisiana State Board of Practical Nurse Examiners		X
Louisiana State Board of Social Workers Examiners		X
Louisiana State Polygraph Board		X
Louisiana Strawberry Marketing Board		X
Louisiana Sweet Potato Advertising and Development Commission		X
Louisiana Tax Free Shopping Commission		X
Louisiana Transportation Authority		
Prison Enterprises		X
Radiologic Technology Board of Examiners		X
State Board of Certified Public Accountants of Louisiana		X
State Board of Examiners of Psychologists		X
State Board of Veterinary Medicine		X
State Boxing and Wrestling Commission		X
Unemployment Trust Fund - Louisiana Workforce Commission		X
Internal Service Funds		
Administrative Services		
Louisiana Correctional Facilities Corporation		
Louisiana Office Building Corporation		
Office Facilities Corporation		
Office of Aircraft Services		
Office of Telecommunications Management		
Direct Component Units		
Acadiah Area Human Services District		X
Algiers Park Commission		X
Ascension St. James Airport and Transportation Authority	X	X
Atchafalaya Basin Levee District	X	X
Bayou D'Arbonne Lake Watershed District	X	X

BIA Matrix
FYE 6/30/2014

	MD&A	Statement SOA C
Bossier Levee District	X	X
Burches Bend Protection District	X	X
Caddo Levee District	X	X
Capital Area Human Services District	X	X
Central Louisiana Human Service Authority	X	X
Ernest N. Morial New Orleans Exhibition Hall Authority	X	X
Fifth Louisiana Levee District	X	X
Florida Parishes Human Services Authority	X	X
Foundation for Excellence in Louisiana Public Broadcasting	X	X
Grand Isle Levee District	X	X
Greater Baton Rouge Port Commission	X	X
Greater New Orleans Expressway Commission	X	X
Imperial Calcasieu Human Service Authority	X	X
Jefferson Parish Human Services Authority	X	X
Lafitte Area Independent Levee District	X	X
Lafourche Basin Levee District	X	X
Louisiana Beef Industry Council	X	X
La Cancer Research Center of LSU HSC in NO/Tulane Health Sciences Ctr.	X	X
Louisiana Board of Cosmetology	X	X
Louisiana Citizens Property Insurance Corporation	X	X
Louisiana Economic Development Corporation	X	X
Louisiana Egg Commission	X	X
Louisiana Housing Corporation	X	X
Louisiana Lottery Corporation	X	X
Louisiana Motor Vehicle Commission	X	X
Louisiana Public Facilities Authority	X	X
Louisiana Stadium and Exposition District	X	X
Louisiana State Board of Private Investigators Examiners	X	X
Louisiana State Board of Private Security Examiners	X	X
Louisiana Utilities Restoration Corporation	X	X
Metropolitan Human Services Authority	X	X
Natchitoches Historic District Development Commission	X	X
Natchitoches Levee and Drainage District	X	X
Nineteenth Louisiana Levee District	X	X
North Bossier Levee and Drainage District	X	X
North Lafourche Conservation, Levee and Drainage District	X	X
Northeast Delta Human Services Authority	X	X
Northwest Louisiana Human Service Authority	X	X
Ouachita Expressway Authority	X	X
Ponchartraine Levee District	X	X
Red River Levee and Drainage District	X	X
Red River, Atchafalaya and Bayou Boeuf Levee District	X	X
Relay Administration Board	X	X
Road Home Corporation d/b/a Louisiana Land Trust	X	X
Sabine River Authority	X	X
South Central Louisiana Human Services Authority	X	X
South Lafourche Levee District	X	X
Southeast Louisiana Flood Protection Authority - East	X	X
Southeast Louisiana Flood Protection Authority - West Bank	X	X
State Plumbing Board of Louisiana	X	X
Tensas Basin Levee District	X	X
Terrebonne Levee and Conservation District	X	X

MD&A = Management's Discussion and Analysis

SOA (C) = Statement of Activities (Statement C)

**STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2014**

Please refer to the Management's Discussion and Analysis of the Pontchartrain Levee District on pages 3 through 5 of the attached financial statements.

STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

Statement A

CURRENT ASSETS

Cash and Cash equivalents	\$	<u>9,379,792</u>
Restricted Cash and Cash Equivalents		<u> </u>
Investments		<u>15,270,831</u>
Instruments (Certificates of Deposit)		<u> </u>
Receivables (net of allowance for doubtful accounts)(Note U)		<u>54,761</u>
Due from other funds (Note Y)		<u> </u>
Due from federal government		<u> </u>
Inventories		<u>39,567</u>
Prepayments		<u>264,931</u>
Notes Receivable		<u> </u>
Other Current Assets		<u> </u>
Total current assets		<u>25,009,882</u>

NONCURRENT ASSETS

Restricted assets (Note F):		
Cash		<u> </u>
Investments		<u> </u>
Receivables		<u> </u>
Investments		<u> </u>
Notes Receivable		<u> </u>
Capital assets, net of depreciation (Note D)		
Land non-depreciable easements		<u>1,097,676</u>
Buildings and improvements		<u>751,205</u>
Machinery and equipment		<u>1,038,596</u>
Infrastructure		<u>19,299,468</u>
Intangible assets		<u> </u>
Construction/Development-in-progress		<u> </u>
Other noncurrent assets		<u> </u>
Total noncurrent assets		<u>22,186,945</u>
Total assets	\$	<u>47,196,827</u>

DEFERRED OUTFLOWS OF RESOURCES

Accumulated decrease in fair value of hedging derivatives	\$	<u> </u>
Deferred amounts on debt refunding		<u> </u>
Adjustments of capital lease obligations		<u> </u>
Grants paid prior to meeting time requirements		<u> </u>
Intra-entity transfer of future revenues (transferee)		<u> </u>
Losses from sale-leaseback transactions		<u> </u>
Direct loan origination costs for mortgage loans held for sale		<u> </u>
Fees paid to permanent investors prior to sale of mortgage loans		<u> </u>
Total deferred outflow of resources	\$	<u>-</u>
Total assets and deferred outflow of resources	\$	<u>47,196,827</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$	<u>365828</u>
Derivative instrument		<u> </u>
Due to other funds (Note Y)		<u> </u>
Due to federal government		<u> </u>
Unearned revenues		<u> </u>
Amounts held in custody for others		<u> </u>
Other current liabilities		<u> </u>

**STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014**

Statement A

Liabilities Con't

Current portion of long-term liabilities: (Note K)	
Contracts payable	\$ _____
Compensated absences payable	_____
Capital lease obligations	_____
Claims and litigation payable	_____
Notes payable	_____
Pollution remediation obligation	_____
Bonds payable (include unamortized costs)	_____
Other long-term liabilities	_____
Total current liabilities	<u>365,828</u>
NONCURRENT LIABILITIES	
Contracts payable	_____
Compensated absences payable	<u>230,165</u>
Capital lease obligations	_____
Claims and litigation payable	_____
Notes payable	_____
Pollution remediation obligation	_____
Bonds payable (include unamortized costs)	_____
OPEB payable	<u>4,039,064</u>
Other long-term liabilities	_____
Total noncurrent liabilities	<u>4,269,229</u>
Total liabilities	<u>4,635,057</u>
DEFERRED INFLOWS OF RESOURCES	
Accumulated increase in fair value of hedging derivatives	\$ _____
Deferred amounts related to service concession arrangement	_____
Deferred amounts of debt refunding	_____
Adjustments of capital lease obligations	_____
Grants received prior to meeting time requirements	_____
Property taxes received before the period of which the taxes were levied	_____
Fines and penalties received in advance of meeting time requirements	_____
Sales/intra-entity transfers of future revenues (transferor)	_____
Gains from sale-leaseback transactions	_____
Points received on loan origination	_____
Loan origination fees received for mortgage loans held for sale	_____
Total deferred inflows of resources	<u>-</u>
NET POSITION	
Net investment in capital assets	<u>22,186,945</u>
Restricted for:	
Capital projects	_____
Debt service	_____
Unemployment compensation	_____
Other specific purposes	_____
Unrestricted	<u>20,374,825</u>
Total net position	<u>42,561,770</u>
Total liabilities, deferred inflows of resources, and net position	\$ <u>47,196,827</u>

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

STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

Statement B

OPERATING REVENUE	
Intergovernmental revenues	\$ _____
Taxes	<u>8,955,545</u>
Use of money and property	<u>349,495</u>
Licenses, permits, and fees	_____
Federal grants and contracts	_____
State, local and nongovernmental grants and contracts	<u>536,202</u>
Other	<u>86,671</u>
Total operating revenues	<u>9,927,913</u>
OPERATING EXPENSES	
Administrative	<u>8,384,185</u>
Travel	_____
Operating Services	_____
Supplies	_____
Professional Services	_____
Capital Projects	_____
Depreciation/Amortization	<u>914,485</u>
Total operating expenses	<u>9,298,670</u>
Operating income(loss)	<u>629,243</u>
NON-OPERATING REVENUES (EXPENSES)	
Taxes	_____
Interest expense	_____
Intergovernmental revenues	_____
Rent income	_____
Oil and gas leases	_____
Miscellaneous	_____
Total non-operating revenues(expenses)	<u>-</u>
Income(loss) before contributions, extraordinary items, & transfers	<u>629,243</u>
Capital contributions	_____
Extraordinary item	_____
Transfers in	_____
Transfers out	_____
Change in net position	<u>629,243</u>
Total net position – beginning	<u>40,139,527</u>
Prior period adjustment	<u>1,793,000</u>
Total net position – ending	<u>\$ 42,561,770</u>

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

INSTRUCTIONS FOR THE SIMPLIFIED STATEMENT OF ACTIVITIES

Expenses - include all expenses, both operating and non-operating.

Program Revenues - include revenues derived from the program itself. These revenues reduce the net cost of the BTA's activities that must be financed from its general revenues. Program revenues should be reported in the following three categories:

Charges for services - include revenues based on exchange or exchange-like transactions. An exchange transaction is one in which each party receives and gives up essentially equal values. These revenues arise from charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided. Revenues in this category include fees charged for specific services.

Operating grants and contributions - revenue arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program **and** that may be used **either for operating or capital expenses** at the discretion of the BTA. (A non-exchange transaction is one in which an entity gives or receives value without directly receiving or giving equal value in return.)

Capital grants and contributions - revenue arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program **and** that are **restricted for capital purposes only** - to purchase, construct, or renovate capital assets associated with a specific program.

Net (Expense) Revenue - program revenues minus expenses.

General Revenues - all revenues are general revenues unless they are specifically required to be reported as program revenues.

Taxes - include all taxes received here, as all are considered general revenues, even those levied for a specific purpose.

State appropriations - include warrants drawn during the fiscal year and the 13th period, plus 14th period if applicable.

Grants and contributions not restricted to specific programs - revenue arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are not restricted to a specific program.

Interest - any interest earned that is not required to be reported as program revenue (Earnings on investments legally restricted to use by a specific program should be reported as program revenue).

Miscellaneous - any general revenues that do not specifically fall under one of the categories listed.

Special items - significant items subject to management's control that meets one of the following criteria:

- 1) unusual in nature - possessing a high degree of abnormality and clearly unrelated or only incidentally related to the ordinary and typical activities of the entity.
- 2) infrequent in occurrence - not reasonably expected to recur in the foreseeable future, taking into account the environment in which the entity operates.

Extraordinary items - are both significant in nature and infrequent in occurrence.

Transfers - all interfund activities involving the flow of resources between funds.

Change in net position - net (expense) revenue plus general revenues and special items.

Net position - beginning - net position at the beginning of the fiscal year.

Net position - ending - beginning net position plus change in net position.

**STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Statement C

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Entity	\$ 9,298,670	\$	\$	\$ (9,298,670)
General revenues:				
Taxes				<u>8,955,545</u>
Intergovernmental revenues				<u>536,202</u>
Royalties and surface leases				
Interest				<u>349,495</u>
Miscellaneous				<u>86,671</u>
Special items				
Extraordinary item				
Transfers				
Total general revenues, special items, and transfers				<u>9,927,913</u>
Change in net assets				<u>629,243</u>
Net position - beginning as restated				<u>41,932,527</u>
Net position - ending				<u>\$ 42,561,770</u>

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)**

Statement D

(continued)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014**

Cash flows from operating activities		
Cash receipts from customers	\$ _____	
Cash receipts from grants and contracts	_____	
Cash receipts from interfund services provided	_____	
Other operating cash receipts, if any	9,914,320	
Cash payments to suppliers for goods or services	(4,854,916)	
Cash payments to employees for services	(3,290,247)	
Cash payments for interfund services used, including payments "In Lieu of Taxes"	_____	
Other operating cash payments, if any (* provide explanation)	_____	
Net cash provided(used) by operating activities		<u>1,769,157</u>
Cash flows from non-capital financing activities		
Cash receipts of taxes	_____	
State revenue sharing	_____	
Cash receipts of leases	_____	
Cash receipts of oil and gas leases	_____	
Cash receipts of miscellaneous items	_____	
Proceeds from issuance of notes payable	_____	
Principal paid on notes payable	_____	
Interest paid on notes payable	_____	
Operating grants received	_____	
Transfers in	_____	
Transfers out	_____	
Other (**provide explanation)	_____	
Net cash provided(used) by non-capital financing activities		<u>-</u>
Cash flows from capital and related financing activities		
Proceeds from sale of bonds	_____	
Principal paid on bonds	_____	
Interest paid on bond maturities	_____	
Proceeds from issuance of notes payable	_____	
Principal paid on notes payable	_____	
Interest paid on notes payable	_____	
Acquisition/construction of capital assets	(681,717)	
Proceeds from sale of capital assets	_____	
Capital contributions	_____	
Deposits with trustees	_____	
Deferred proceeds from capital leases	_____	
Net cash provided(used) by capital and related financing activities		<u>(681,717)</u>
Cash flows from investing activities		
Purchases of investment securities	(2,508,331)	
Proceeds from sale of investment securities	2,265,238	
Interest and dividends earned on investment securities	_____	
Net cash provided(used) by investing activities		<u>(243,093)</u>
Net increase(decrease) in cash and cash equivalents		<u>844,347</u>
Cash and cash equivalents at beginning of year		<u>8,535,445</u>
Cash and cash equivalents at end of year	\$ _____	<u><u>9,379,792</u></u>

STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)
 (concluded)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

Statement D

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

Operating income(loss)	\$ <u>629,243</u>
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:	
Depreciation/amortization	<u>914,485</u>
Provision for uncollectible accounts	<u> </u>
Other	<u> </u>
Changes in assets and liabilities:	
(Increase)decrease in accounts receivable, net	<u>(13,593)</u>
(Increase)decrease in due from other funds	<u> </u>
(Increase)decrease in prepayments	<u>6,995</u>
(Increase)decrease in inventories	<u>(15,745)</u>
(Increase)decrease in other assets	<u> </u>
Increase(decrease) in accounts payable and accruals	<u>(130,173)</u>
Increase(decrease) in compensated absences payable	<u>20,680</u>
Increase(decrease) in due to other funds	<u> </u>
Increase(decrease) in deferred revenues	<u> </u>
Increase(decrease) in OPEB payable	<u>357,265</u>
Increase(decrease) in other liabilities	<u> </u>
Net cash provided(used) by operating activities	\$ <u>1,769,157</u>

Schedule of noncash investing, capital, and financing activities:

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

The accompanying notes are an integral part of this statement.

**PONTCHARTRAIN LEVEE DISTRICT (BTA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014**

Please provide an explanation of what is included in "other." If there are multiple reasons, please list each out separately along with the amount.

* Other (operating cash payments)

**Other (cash flows from non capital financing activities)

***Other (cash flows from capital and related financing activities)

STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2014

INTRODUCTION

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

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

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

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

Revenue Recognition

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

Expense Recognition

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

**STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2014**

B. BUDGETARY ACCOUNTING – NOT APPLICABLE

The appropriations made for the operations of the various programs of the Pontchartrain Levee District (BTA) are annual lapsing appropriations.

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

	<u>APPROPRIATIONS</u>
Original approved budget	\$ _____
Amendments:	_____

Final approved budget	\$ _____

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.) See Appendices Packet - Appendix A at <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>, for information related to Note C.

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

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

For the purpose of the statement of cash flows and statement of net position presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2014

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

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

The deposits at June 30, 2014, consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Deposits per statement of net position (Reconciled bank balance)	\$ 8,146,998	\$	\$	\$ 8,146,998
Deposits in bank accounts per bank	\$ 8,156,031	\$	\$	\$ 8,156,031
Bank balances exposed to custodial credit risk:	\$	\$	\$	\$
a. Uninsured and uncollateralized	_____	_____	_____	_____
b. Uninsured and collateralized with securities held by the pledging institution	_____	_____	_____	_____
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's	_____	_____	_____	_____

NOTE: The "Deposits in bank accounts per bank" will not necessarily equal the "Deposits per statement of net position" due to outstanding items.

**STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2014**

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

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. <u>Regions Bank</u>	<u>General - Operating</u>	\$ <u>5,858,660</u>
2. <u>Regions Bank</u>	<u>General - LONO</u>	<u>1,044</u>
3. <u>Regions Bank</u>	<u>General - Payroll</u>	<u>43,031</u>
4. <u>Regions Bank</u>	<u>Special Construction</u>	<u>106,725</u>
5. <u>Regions Bank</u>	<u>Cross Bayou</u>	<u>1,729,361</u>
6. <u>Regions Bank</u>	<u>West Shore</u>	<u>107,377</u>
7. <u>Regions Bank</u>	<u>AR&T Bayou Manchac</u>	<u>300,548</u>
8. <u>Regions Bank</u>	<u>St. Charles UFC</u>	<u>9,285</u>
Total		\$ <u><u>8,156,031</u></u>

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

Cash in state treasury	\$ <u>1,232,694</u>
Petty cash	\$ <u>100</u>

2. INVESTMENTS

The Pontchartrain Levee District (BTA) does maintain investment accounts as authorized by LSA-RS 33:2955.

Custodial Credit Risk

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are either held by the counterparty or held by the counterparty’s trust department or agent, but not in the entity’s name. Repurchase agreements are not subject to credit risk if the securities underlying the repurchase agreement are exempt from credit risk disclosure. Using the following table, list each type of investment disclosing the total carrying amounts and market values, and any amounts exposed to custodial credit risk.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty’s trust department or agent not in the entity’s name. In addition, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk.

**STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2014**

<u>Type of Investment</u>	<u>Investments Exposed to Custodial Credit Risk</u>		<u>All Investments Regardless of Custodial Credit Risk Exposure</u>	
	<u>Uninsured, *Unregistered, and Held by Counterparty</u>	<u>Uninsured, *Unregistered, and Held by Counterparty's Trust Dept. or Agent Not in Entity's Name</u>	<u>Reported Amount Per Statement of Net Position</u>	<u>Fair Value</u>
Negotiable CDs	\$ _____	\$ _____	\$ _____	\$ _____
Repurchase agreements	_____	_____	_____	_____
U.S. Government Obligations **	_____	_____	15,270,831	15,270,831
U.S. Agency Obligations***	_____	_____	_____	_____
Common & preferred stock	_____	_____	_____	_____
Mortgages (including CMOs & MBSs)	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____
Mutual funds	_____	_____	_____	_____
Real estate	_____	_____	_____	_____
External Investment Pool (LAMP) ****	_____	_____	_____	_____
External Investment Pool (Other)	_____	_____	_____	_____
Other: (identify)	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
Total investments	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ 15,270,831	\$ 15,270,831

* Unregistered - not registered in the name of the government or entity

** These obligations generally are not exposed to custodial credit risk because they are backed by the full faith and credit of the U.S. government. (See Appendices Packet, Appendix A, at <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm> for the definition of US Government Obligations)

*** These obligations may not be exposed to custodial credit risk (See Appendix A in the Appendices Packet for a discussion of FNMA & FHLMC)

**** LAMP investments should not be included in deposits AND should be identified separately in this table to ensure LAMP investments are not double-counted on the State level.

3. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES – **NOT APPLICABLE**
4. DERIVATIVES (GASB 53) – **NOT APPLICABLE**
5. POLICIES – **NOT APPLICABLE**
6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS – **NOT APPLICABLE**

**STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2014**

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS

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

STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2014

Schedule of Capital Assets (includes capital leases)

<u>Agency</u>	Balance 6/30/2013	Prior Period Adjustments	Restated Balance 6/30/2013	Additions	* Reclassifi- cation of CIP	** Retirements	Balance 6/30/2014
Capital assets not depreciated:							
Land	\$ 804,132	\$ -	\$ 804,132	\$ 293,544	\$ -	\$ -	\$ 1,097,676
Non-depreciable land improvements	-	-	-	-	-	-	-
Non-depreciable easements	-	-	-	-	-	-	-
Capitalized collections	-	-	-	-	-	-	-
Software - development in progress	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Total capital assets not depreciated	\$ 804,132	\$ -	\$ 804,132	\$ 293,544	\$ -	\$ -	\$ 1,097,676
Other capital assets:							
Depreciable land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
** Accumulated depreciation	-	-	-	-	-	-	-
Total land improvements	-	-	-	-	-	-	-
Buildings	1,218,641	-	1,218,641	-	-	-	1,218,641
** Accumulated depreciation	(425,815)	-	(425,815)	(41,621)	-	-	(467,436)
Total buildings	792,826	-	792,826	(41,621)	-	-	751,205
Machinery & equipment	3,975,153	(237,996)	3,737,157	388,173	-	(254,388)	3,870,942
** Accumulated depreciation	(2,966,519)	237,996	(2,728,523)	(358,211)	-	254,388	(2,832,346)
Total machinery & equipment	1,008,634	-	1,008,634	29,962	-	-	1,038,596
Infrastructure	20,586,099	-	20,586,099	-	-	-	20,586,099
** Accumulated depreciation	(771,978)	-	(771,978)	(514,653)	-	-	(1,286,631)
Total infrastructure	19,814,121	-	19,814,121	(514,653)	-	-	19,299,468
Software (internally generated & purchased)	-	-	-	-	-	-	-
Other intangibles	-	-	-	-	-	-	-
** Accumulated amortization - software	-	-	-	-	-	-	-
** Accumulated amortization - other intangibles	-	-	-	-	-	-	-
Total intangibles	-	-	-	-	-	-	-
Total other capital assets	\$ 21,615,581	\$ -	\$ 21,615,581	\$ (526,312)	\$ -	\$ -	\$ 21,089,269
Capital asset summary:							
Capital assets not depreciated	\$ 804,132	\$ -	\$ 804,132	\$ 293,544	\$ -	\$ -	\$ 1,097,676
Other capital assets, book value	25,779,893	(237,996)	25,541,897	388,173	-	(254,388)	25,675,682
Total cost of capital assets	26,584,025	(237,996)	26,346,029	681,717	-	(254,388)	26,773,358
Accumulated depreciation/amortization	(4,164,312)	237,996	(3,926,316)	(914,485)	-	254,388	(4,586,413)
Capital assets, net	\$ 22,419,713	\$ -	\$ 22,419,713	\$ (232,768)	\$ -	\$ -	\$ 22,186,945

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

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

**STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2014**

E. INVENTORIES

The Levee District's inventories are valued using FIFO. These are perpetual inventories and are expensed when used.

F. RESTRICTED ASSETS – NOT APPLICABLE

G. LEAVE

1. COMPENSATED ABSENCES

The Pontchartrain Levee District (BTA) has the following policy on annual and sick leave:

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

H. RETIREMENT SYSTEM

Substantially all of the employees of the (BTA) are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees. (Note: If LASERS is not your entity's retirement system, indicate the retirement system that is and replace any wording in this note that doesn't apply to your retirement system with the applicable wording.)

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

STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2014

participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2013 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. A copy of the report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:
http://www.lasersonline.org/uploads/CAFR_2013.pdf

All members are required by state statute to contribute with the vast majority of employees of the state who became members before July 1, 2006 contributing 7.5% of gross salary. Act 75 of the 2005 Regular Session increases the member contribution rate from 7.5% to 8% for new members hired after June 30, 2006. The (BTA) is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2014, increased to 29.2% of annual covered payroll from the 29.1% and 25.6% required in fiscal years ended June 30, 2013 and 2012 respectively. The (BTA) contributions to the System for the years ending June 30, 2014, 2013, and 2012, were \$542,413, \$441,577, and \$376,370, respectively, equal to the required contributions for each year.

I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

GASB Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses accounting and financial reporting for OPEB trust and agency funds of the employer. GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* establishes standards of accounting and financial reporting for OPEB expense/expenditures and related OPEB liabilities or OPEB assets, note disclosures, and required supplementary information (RSI) in the financial reports of governmental employers. See the GASB Statement 45 note disclosures requirements in section 2 of this note.

1. Calculation of Net OPEB Obligation

STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2014

Complete the following table for only the net OPEB obligation (NOO) related to OPEB administered by the Office of Group Benefits. The ARC, NOO at the beginning of the year, interest, ARC adjustment, and Annual OPEB Expense have been computed for OGB participants (see OSRAP's website - <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>) and select "GASB 45 OPEB Valuation Report as of July 1, 2013, to be used for fiscal year ending June 30, 2014." Report note disclosures for other plans, not administered by OGB, separately.

Fiscal year ending	Annual OPEB expense and net OPEB Obligation	6/30/2014
1. * ARC		<u>\$474,000.0</u>
2. * Interest on NOO		<u>\$147,300.0</u>
3. * ARC adjustment		<u>\$140,700.0</u>
4. * Annual OPEB Expense (1. + 2. - 3.)		<u>\$480,600.0</u>
5. Contributions (employer pmts. to OGB for retirees' cost of 2014 insurance premiums)		<u>\$123,335.0</u>
6. Increase in Net OPEB Obligation (4. - 5.)		<u>\$357,265.0</u>
7. *NOO, beginning of year (see actuarial valuation report on OSRAP's website)		<u>3681799</u>
8. **NOO, end of year (6. + 7.)		<u>4039064</u>

*This must be obtained from the OSRAP website on the spreadsheet "GASB 45 OPEB Valuation Report as of July 1, 2013, to be used for fiscal year ending June 30, 2014."

**This should be the same amount as that shown on the statement of net position for the year ended June 30, 2014 if your entity's only OPEB is administered by OGB.

For more information on calculating the net OPEB obligation, see the Appendices Packet, Appendix D, at <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>.

J. LEASES – NOT APPLICABLE

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2014:

**STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2014**

	<u>Year ended June 30, 2014</u>				Amounts due within one year
	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	
Notes and bonds payable:					
Notes payable	\$	\$	\$	\$ -	\$
Bonds payable	-		-	-	-
Total notes and bonds	-	-	-	-	-
Other liabilities:					
Contracts payable				-	
Compensated absences payable	209,485	20,680		230,165	
Capital lease obligations				-	
Claims and litigation	1,793,000		1,793,000	-	
Pollution remediation obligation				-	
OPEB payable	3,681,799	357,265		4,039,064	
Other long-term liabilities				-	
Total other liabilities	<u>5,684,284</u>	<u>377,945</u>	<u>1,793,000</u>	<u>4,269,229</u>	<u>-</u>
Total long-term liabilities	\$ <u>5,684,284</u>	\$ <u>377,945</u>	\$ <u>1,793,000</u>	\$ <u>4,269,229</u>	\$ <u>-</u>

(Balances at June 30th should include current and non-current portion of L-T liabilities.)
The totals must equal the statement of net position for each type of long-term liabilities.

L. CONTINGENT LIABILITIES

The Levee District is a defendant in several lawsuits involving disputed land ownership and right-of-way. The estimate of the amount or range of loss is between approximately \$150,000 and \$28 million. In the prior year, there was an accrual of \$1,793,000 as the probable settlement of these claims. Per GASB Codification C50, legal counsel's opinion is that the potential loss is reasonably possible but not probable. For this reason, a prior period adjustment writing off the previous year's claims payable is shown on the Statement of Activities.

M. RELATED PARTY TRANSACTIONS – NOT APPLICABLE

N. ACCOUNTING CHANGES – NOT APPLICABLE

O. IN-KIND CONTRIBUTIONS – NOT APPLICABLE

P. DEFEASED ISSUES – NOT APPLICABLE

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

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

STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2014

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

T. SHORT-TERM DEBT – NOT APPLICABLE

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2014, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
General Fund	\$	\$ 33,141	\$	\$	\$ 33,141
Special Construction Fund				21,620	21,620
Gross receivables	\$ -	\$ 33,141	\$ -	\$ 21,620	\$ 54,761
Less allowance for uncollectible accounts					
Receivables, net	\$ -	\$ 33,141	\$ -	\$ 21,620	\$ 54,761
Amounts not scheduled for collection during the subsequent year	\$	\$	\$	\$	\$ -

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2014, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
General Fund	\$ 154,878	\$ 141,520	\$	\$	\$ 296,398
Special Construction Fund	11,788				11,788
Cross Bayou	42,154				42,154
West Shore	15,488				15,488
Total payables	\$ 224,308	\$ 141,520	\$ -	\$ -	\$ 365,828

W. SUBSEQUENT EVENTS

These financial statements considered subsequent events through September 30, 2014, the date the financial statements were available to be issued.

**STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2014**

**X. SEGMENT INFORMATION & REPORTING FUNDS OF A BLENDED
COMPONENT UNIT – NOT APPLICABLE**

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

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS – NOT APPLICABLE

AA. PRIOR-YEAR RESTATEMENT OF NET POSITION

There are 2 prior year restatements. See Note D, “Capital Assets” for the first restatement. \$237,996 of fully depreciated equipment was written off in the prior year audited financial statements but not in the prior year AFR. Since the equipment in question was fully depreciated, there was no effect on the Statement of Net Position.

See Note L, “Contingent Liabilities” for the second restatement. Claims payable of \$1,793,000 was written off as legal counsel’s opinion for both the current and prior years was that these liabilities are and were “reasonably possible” and not “probable”.

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

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

DD. EMPLOYEE TERMINATION BENEFITS – NOT APPLICABLE

EE. POLLUTION REMEDIATION OBLIGATIONS – NOT APPLICABLE

STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2014

Explanations for GASB 49 Worksheet

- a Enter agency/department name
- b List projects reported in the prior fiscal year that had an outstanding liability at 6/30/13
- c List projects that were overlooked or not included as remediation projects in previous fiscal years
- d List remediation projects that were begun/identified in the fiscal year ending 6/30/2014
- e Enter project number assigned by FP&C, DEQ, or other number assigned to identify project
- f Year the project was begun--this is not necessarily the year remediation began; it should be the year the pollution was identified and includes time involved to develop a remediation plan and the actual remediation process
- g This column is used to report those projects that were included/added in the previous fiscal year and had a balance outstanding at the end of that year
- h This column is for reporting increases in the estimated remediation cost, whether from expanding the scope of the project to contracting for a specific service.
- i Record total expenditures related to the project made during the fiscal year, including those made in the 13th period (13th period expenditures are also shown separately in column AB (p))
- j Record activities that decrease the estimated remediation liability that are **not** expenditures--for example, amounts included in original estimate were overstated and actual was less than what was recorded; scope of project not as extensive as originally estimated.
- k The formula in this column sums columns J, L, N, and P (g, h, i, and j)
- l Indicate percentage of project completion in this column
- m Amounts in this column represent the portion of the ending liability that are due and payable within the next 12 months
- n Amounts in this column represent the portion of the ending liability that are not due and payable until after 6/30/14. This amount plus the amount in column V (m) must total the amount in
- o This column is to identify any amounts that have been or will be received from other sources such as other responsible parties or insurance proceeds to help cover the cost of remediation
- p Record amounts expended on pollution remediation projects during the 13th accounting period in this column--this amount should be included in column N (i)
- q Provide reference and note explanations on an extra page, for example: (1) awaiting court

**STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2014**

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

GG. RESTRICTED ASSETS – OTHER SPECIFIC PURPOSES – NOT APPLICABLE

HH. SERVICE CONCESSION ARRANGEMENTS – NOT APPLICABLE

II. NONEXCHANGE FINANCIAL GUARANTEES (GASB 70) – NOT APPLICABLE

**STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)
SCHEDULE OF NOTES PAYABLE
JUNE 30, 2014
(Fiscal close)**

Issue	Date of Issue	Original Issue	NOT APPLICABLE		Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
			Principal Outstanding 6/30/PY	Redeemed (Issued)			
		\$	\$	\$	\$		\$
Total		\$	\$	\$	\$		\$

*Send copies of new amortization schedules

**STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)
SCHEDULE OF BONDS PAYABLE
JUNE 30, 2014
(Fiscal close)**

NOT APPLICABLE

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
Series:							

Unamortized Discounts and Premiums Series:							

Total		\$_____	\$_____	\$_____	\$_____		\$_____

***Note: Principal outstanding (bond series minus unamortized costs) at 6/30/14 should agree to bonds payable on the statement of net position.**

Send copies of new amortization schedules for bonds and unamortized costs.

**STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)
SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended June 30, 2014**

NOT APPLICABLE

Fiscal Year Ending:	Payment	Interest	Principal	Balance
2015	\$ _____	\$ _____	\$ _____	\$ --
2016	_____	_____	_____	--
2017	_____	_____	_____	--
2018	_____	_____	_____	--
2019	_____	_____	_____	--
2020-2024	_____	_____	_____	--
2025-2029	_____	_____	_____	--
2030-2034	_____	_____	_____	--
2035-2039	_____	_____	_____	--
Total	\$ <u> --</u>	\$ <u> --</u>	\$ <u> --</u>	\$ <u> --</u>

SCHEDULE 4-A

**STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)
SCHEDULE OF NOTES PAYABLE AMORTIZATION
For the Year Ended June 30, 2014**

NOT APPLICABLE

Fiscal Year Ending:	Principal	Interest
2015	\$ _____	\$ _____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020-2024	_____	_____
2025-2029	_____	_____
2030-2034	_____	_____
2035-2039	_____	_____
Total	\$ <u> --</u>	\$ <u> --</u>

STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)
SCHEDULE OF BONDS PAYABLE AMORTIZATION
For The Year Ended June 30, 2014
NOT APPLICABLE

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2015	\$ _____	\$ _____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
2032	_____	_____
2033	_____	_____
2034	_____	_____
2035	_____	_____
2036	_____	_____
2037	_____	_____
2038	_____	_____
2039	_____	_____
Subtotal	_____ --	_____ --
Unamortized Discounts/Premiums	_____	_____
Total	\$ <u>_____</u>	\$ <u>_____</u>

***Note: Principal outstanding (bond series plus minus unamortized costs) at 6/30/14 should agree to bonds payable on the statement of net position.**

STATE OF LOUISIANA
PONTCHARTRAIN LEVEE DISTRICT (BTA)

COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than **\$5 million**, explain the reason for the change. **Please provide adequate details to clearly explain the change from last year.**

	<u>2014</u>	<u>2013</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 9,927,913	\$ 11,416,294	\$ (1,488,381)	\$ (13.0%)
Expenses	9,298,670	9,243,319	55,351	0.6%
2) Capital assets	22,186,945	22,419,713	(232,768)	(1.0%)
Long-term debt	4,269,229	5,684,284	(1,415,055)	(24.9%)
Net position	42,561,770	40,139,527	2,422,243	6.0%
Explanation for change:	<hr/> <hr/> <hr/> <hr/>			

