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**STATE OF LOUISIANA  
RED RIVER, ATCHAFALAYA, AND  
BAYOU BOEUF LEVEE DISTRICT  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006**

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

Release Date 9/13/06

**STATE OF LOUISIANA**  
**RED RIVER, ATCHAFALAYA, AND BAYOU BOEUF LEVEE DISTRICT**  
**TABLE OF CONTENTS**  
**JUNE 30, 2006**

	Page
Affidavit	1
Independent Auditor's Report	2 - 3
Required Supplemental Information (Part I) Management's Discussion and Analysis	4 - 7
Government-Wide Financial Statements	
Statement of Net Assets	8
Statement of Activities	9
Fund Financial Statements - Governmental Fund	
Balance Sheet - Governmental Fund	10
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets	11
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Fund	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Fund to the Statement of Activities	13
Notes to Financial Statements	14 - 21
Required Supplemental Information (Part II) Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds - Budget (GAAP Basis) and Actual	22
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23 - 24
Schedule of Findings and Questioned Costs	25
Management's Corrective Action Plan	26
Summary of Prior Year Findings and Questioned Costs	27
Division of Administration Reporting Package	
Statement of Net Assets	28
Statement of Revenues, Expenses, and Changes in Fund Net Assets	29
Statement of Activities	30
Statement of Cash Flows	31 - 32
Notes to Financial Statements	33 - 40
Schedule of Per Diem Paid to Board Members	41
Schedule of State Funding	42
Schedule of Long-Term Debt Amortization	43

**STATE OF LOUISIANA**  
**RED RIVER, ATCHAFALAYA, AND BAYOU BOEUF LEVEE DISTRICT**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

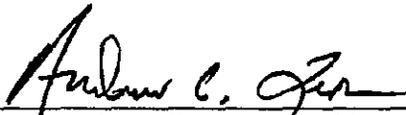
Division of Administration  
Office of Statewide Reporting  
And Accounting Policy  
P. O. Box 94095  
Baton Rouge, LA 70804-9095

State of Louisiana  
Office of the Legislative Auditor  
P. O. Box 94397  
Baton Rouge, LA 70804-9397

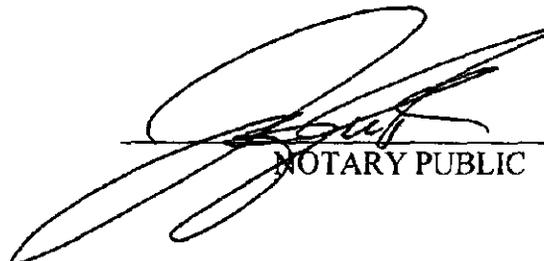
AFFIDAVIT

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Personally came and appeared before the undersigned authority, Andrew Leon, President of the Red River, Atchafalaya and Bayou Boeuf Levee District, who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Red River, Atchafalaya and Bayou Boeuf Levee District at June 30, 2006 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

  
\_\_\_\_\_  
Andrew C. Leon, President

Sworn and subscribed before me, this 2 day of August, 2006.

  
\_\_\_\_\_  
NOTARY PUBLIC #25227

**LAWRENCE E. MAYEAUX, CPA LLC**  
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Office(318) 346-6869  
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Lawrence E. Mayeaux, C.P.A.

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July 25, 2006

**INDEPENDENT AUDITOR'S REPORT**

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

I have audited the accompanying basic financial statements of the Red River, Atchafalaya and Bayou Boeuf Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 2006, as listed in the table of contents. These financial statements are the responsibility of management of the Red River, Atchafalaya and Bayou Boeuf Levee District. My responsibility is to express an opinion on these financial statements based on my audit. The financial information for the year ended June 30, 2005, which is included for comparative purposes was taken from the financial statements prepared by other auditors who expressed an unqualified opinion dated August 9, 2005 on the basic financial statements of the Red River, Atchafalaya and Bayou Boeuf Levee District.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Red River, Atchafalaya and Bayou Boeuf Levee District as of June 30, 2006 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated July 25, 2006 on my consideration of the Red River, Atchafalaya and Bayou Boeuf Levee District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis and the budgetary information on pages 4 through 7 and page 22, respectively, are not a required part of the basic financial statements but are supplementary

*Board of Commissioners  
Red River, Atchafalaya and Bayou Boeuf Levee District  
July 25, 2006*

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information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

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

*Lawrence E. Mayeaux, CPA LLC*

LAWRENCE E. MAYEAUX CPA LLC  
Certified Public Accountant

***State of Louisiana  
Red River, Atchafalaya and Bayou Boeuf Levee District  
Management's Discussion and Analysis  
June 30, 2006***

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The Management's Discussion and Analysis of the Red River, Atchafalaya and Bayou Boeuf Levee District's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended June 30, 2006. This document focuses on the current year's activities, resulting changes, and currently known facts.

**OVERVIEW OF FINANCIAL STATEMENTS**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

The government-wide financial statements are presented on pages 8 and 9. The Statement of Net Assets (page 8) and the Statement of Activities (page 9) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The governmental activities are financed primarily by ad valorem taxes and other sources including state revenue sharing, mineral royalties, rents generated from leasing of District land, and interest.

**FUND FINANCIAL STATEMENTS**

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

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

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

As indicated in the table below, the portion of the District's net assets invested in capital assets totals \$844,142 (31%). Net assets invested in capital assets consists of land, buildings, and equipment less any debt used to acquire the assets that remains outstanding. The District uses these capital assets to provide services to the citizens of Avoyelles, Rapides, and St. Landry parishes; consequently, these amounts are not available for future spending.

**State of Louisiana**  
**Red River, Atchafalaya and Bayou Boeuf Levee District**  
**Management's Discussion and Analysis**  
**June 30, 2006**

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The remaining unrestricted net assets (69%) may be used to meet the District's ongoing obligations to citizens and creditors.

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

	<b>Governmental Activities</b>	
	<b><u>6/30/06</u></b>	<b><u>6/30/05</u></b>
<b><u>Assets:</u></b>		
Current and Other Assets	\$ 1,991,057	\$ 1,703,660
Capital Assets	<u>989,250</u>	<u>1,084,763</u>
Total Assets	<u>2,980,307</u>	<u>2,788,423</u>
<b><u>Liabilities</u></b>		
Current and Other Liabilities	90,873	73,484
Long-term Liabilities	<u>168,955</u>	<u>215,607</u>
Total Liabilities	<u>259,828</u>	<u>289,091</u>
<b><u>Net Assets:</u></b>		
Invested in Capital Assets (Net)	844,142	900,533
Unrestricted	<u>1,876,337</u>	<u>1,598,799</u>
Total Net Assets	<u>\$ 2,720,479</u>	<u>\$ 2,499,332</u>

Net assets of the District increased by \$221,147 in the current fiscal year. The increase is the result of operating revenues exceeding operating expenses during the fiscal year ending June 30, 2006, as follows:

	<b>Governmental Activities</b>	
	<b><u>6/30/06</u></b>	<b><u>6/30/05</u></b>
General Government Expenses	\$ (1,804,969)	\$ (1,827,663)
Program Revenues		
Operating Grants	<u>25,000</u>	<u>1,521</u>
Subtotal	<u>(1,779,969)</u>	<u>(1,826,142)</u>
General Revenues	<u>2,001,116</u>	<u>1,818,080</u>
Change in Net Assets	<u>\$ 221,147</u>	<u>\$ (8,062)</u>

Total revenues increased by \$183,036 over the prior year. The increase is primarily attributable to increased property value assessments, which generated additional property taxes in the current year.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The District's General Fund, which is available for spending at the District's discretion, reported a fund balance of \$1,942,622, an increase of \$271,832 over the prior year. The increase is primarily due to

**State of Louisiana**  
**Red River, Atchafalaya and Bayou Boeuf Levee District**  
**Management's Discussion and Analysis**  
**June 30, 2006**

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increased ad valorem collections, increased royalty payments for mineral rights, and significant declines in repair and maintenance costs. The District also expended considerable sums in the prior year for capital outlay. These costs may fluctuate significantly from year to year.

**BUDGET HIGHLIGHTS**

The District adopts an annual budget each year prior to the beginning of the next fiscal year. The budget is amended as necessary to reflect increases or decreases in revenue sources and the related effects on its operations.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**CAPITAL ASSET ADMINISTRATION**

At June 30, 2006, the District had \$989,250, net of depreciation, invested in a broad range of capital assets. Capital asset activity for the year ended June 30, 2006 is summarized as follows:

<u>Additions:</u>	
New A/C unit	\$ 3,241
Improvements – Rapides Building	3,258
New Roof – Main Office	7,200
Tank & Sprayer	4,650
Total Additions	<u>18,349</u>
Depreciation	<u>(113,862)</u>
Net Increase (Decrease)	(95,513)
Beginning Capital Assets (Net)	<u>1,084,763</u>
Ending Capital Assets (Net)	<u>\$ 989,250</u>

Capital assets at year end are summarized as follows:

	<u>6/30/06</u>	<u>6/30/05</u>
Land	\$ 412,005	\$ 412,005
Buildings and Improvements	284,654	288,575
Automobiles and Equipment	292,591	384,183
Total	<u>\$ 989,250</u>	<u>\$ 1,084,763</u>

**DEBT ADMINISTRATION**

The District had \$211,393 in debt outstanding at June 30, 2006, a decrease of \$44,828. No new debt was issued during the current year. The decreases are attributable to employee use of compensated absences accrued in prior years and payments on capital leases.

**FACTORS EXPECTED TO AFFECT FUTURE OPERATIONS**

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

- ad valorem taxes,

*State of Louisiana*  
*Red River, Atchafalaya and Bayou Boeuf Levee District*  
*Management's Discussion and Analysis*  
*June 30, 2006*

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- interest income,
- projects under consideration, and
- intergovernmental revenues (state and local grants).

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

**CONTACTING THE DISTRICT'S MANAGEMENT**

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

**BASIC FINANCIAL STATEMENTS**

**State of Louisiana**  
**Red River, Atchafalaya and Bayou Boeuf Levee District**  
**Statement of Net Assets**  
**June 30, 2006 and 2005**

	2006	2005
<b><u>ASSETS</u></b>		
Current Assets		
Cash and cash equivalents	\$ 1,086,547	\$ 843,396
Investments	850,000	850,000
Receivables, (net)	3,984	4,618
Inventory	-	-
Prepaid expenses	50,526	5,646
Total current assets	1,991,057	1,703,660
Capital assets		
Non depreciable capital assets	412,005	412,005
Depreciable capital assets, net	577,245	672,758
Total assets	2,980,307	2,788,423
<b><u>LIABILITIES</u></b>		
Current Liabilities		
Accounts and other payables	48,435	32,870
Capital lease obligation - due within one year	42,438	40,614
Total current liabilities	90,873	73,484
Noncurrent Liabilities		
Compensated absences payable	66,285	71,991
Capital lease obligations, net of current portion	102,670	143,616
Total liabilities	259,828	289,091
<b><u>NET ASSETS</u></b>		
Invested in capital assets, net of related debt	844,142	900,533
Unrestricted	1,876,337	1,598,799
Total net assets	\$ 2,720,479	\$ 2,499,332

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

**State of Louisiana**  
**Red River, Atchafalaya and Bayou Boeuf Levee District**

**Statement of Activities**

**For the Years Ended June 30, 2006 and 2005**

	June 30, 2006			June 30, 2005	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenue
General Government					
Personal services	\$ 1,234,046	\$ -	\$ -	\$ -	\$ (1,172,670)
Travel	11,474	-	-	-	(13,165)
Operating services	408,085	-	25,000	-	(482,299)
Supplies	9,359	-	-	-	(20,425)
Professional services	20,992	-	-	-	(15,163)
Interest	7,151	-	-	-	(1,384)
Depreciation	113,862	-	-	-	(121,036)
Total general government	<u>\$ 1,804,969</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>(1,826,142)</u>

General Revenues:		
Taxes	1,685,631	1,550,390
State revenue sharing	94,155	89,434
Interest income	63,278	35,834
Royalties and leases	127,812	82,400
Miscellaneous	30,240	60,022
Total General Revenues	<u>2,001,116</u>	<u>1,818,080</u>
Change in Net Assets	221,147	(8,062)
Net Assets, Beginning of Year	<u>2,499,332</u>	<u>2,507,394</u>
Net Assets, End of Year	<u>\$ 2,720,479</u>	<u>\$ 2,499,332</u>

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

**State of Louisiana**  
**Red River, Atchafalaya and Bayou Boeuf Levee District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2006 and 2005**

	2006	2005
<b>Assets</b>		
Cash	\$ 1,086,547	\$ 843,396
Investments	850,000	\$ 850,000
Accounts receivable	3,984	4,618
Inventory	-	-
Prepaid expenses	50,526	5,646
<b>Total Assets</b>	<b>\$ 1,991,057</b>	<b>\$ 1,703,660</b>
<b>Liabilities and Fund Balance</b>		
<b><u>Liabilities</u></b>		
Accounts payable	\$ 44,989	\$ 32,870
Other payables	3,446	-
<b>Total Liabilities</b>	<b>48,435</b>	<b>32,870</b>
<b><u>Fund Balance</u></b>		
Unreserved - Reported in		
General Fund	1,942,622	1,670,790
<b>Total Fund Balances</b>	<b>1,942,622</b>	<b>1,670,790</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,991,057</b>	<b>\$ 1,703,660</b>

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

**State of Louisiana**  
**Red River, Atchafalaya and Bayou Boeuf Levee District**  
**Reconciliation of Fund Balances on the Balance Sheet for**  
**Governmental Funds to Net Assets of Governmental**  
**Activities on the Statement of Net Assets**  
**For the Year Ended June 30, 2006**

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Total Fund Balances - Governmental Funds		\$ 1,942,622
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds</p>		
Land	412,005	
Buildings and improvements, net of accumulated depreciation	284,654	
Automobiles and equipment, net of accumulated depreciation	292,591	
Total capital assets		989,250
<p>Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Fund Balance Sheet</p>		
Compensated absences payable	(66,285)	
Capital lease obligations	(145,108)	
Total long-term liabilities		(211,393)
Net Assets of Governmental Activities		\$ 2,720,479

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

**State of Louisiana**  
**Red River, Atchafalaya and Bayou Boeuf Levee District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Years Ended June 30, 2006 and 2005**

	2006	2005
<b>Revenues:</b>		
Taxes	\$ 1,685,631	\$ 1,550,390
State revenue sharing	94,155	89,434
Intergovernmental revenues	25,000	1,521
Interest income	63,278	35,834
Royalties and leases	127,812	82,400
Miscellaneous	30,240	60,022
<b>Total Revenues</b>	<b>2,026,116</b>	<b>1,819,601</b>
 <b>Expenditures:</b>		
General Government		
Personal services	1,239,752	1,164,339
Travel	11,474	13,165
Operating services	408,085	483,820
Supplies	9,359	20,425
Professional services	20,992	15,163
Capital outlay	18,349	420,972
<b>Total Expenditures</b>	<b>1,708,011</b>	<b>2,117,884</b>
 <b>Excess (Deficiency) of Revenues over Expenditures</b>	 318,105	 (298,283)
 <b>Other Financing Sources (Uses):</b>		
Proceeds from issuing capital lease obligations	-	193,559
Capital lease payments	(46,273)	(10,713)
<b>Total Other Financing Sources (Uses)</b>	<b>(46,273)</b>	<b>182,846</b>
 <b>Net Change in Fund Balance</b>	 271,832	 (115,437)
 <b>Fund Balance, Beginning of Year</b>	 1,670,790	 1,786,227
 <b>Fund Balance, End of Year</b>	 <b>\$ 1,942,622</b>	 <b>\$ 1,670,790</b>

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

**State of Louisiana**  
**Red River, Atchafalaya and Bayou Boeuf Levee District**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds to the**  
**Statement of Activities**  
**For the Year Ended June 30, 2006**

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Net changes in fund balances of Governmental Funds \$ 271,832

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 allocated over estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (95,513)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 5,706

Capital lease proceeds are reported as financing sources in governmental funds and thus contribute to the change in the fund. In the statements of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. -

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the government-wide presentation. 39,122

Change in net assets of governmental activities \$ 221,147

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

*State of Louisiana*  
*Red River, Atchafalaya and Bayou Boeuf Levee District*  
*Notes to Financial Statements*  
*As of and for the Year Ended June 30, 2006*

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The District's accompanying policies conform to generally accepted accounting principles for governmental units. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Some of the Districts more significant accounting policies are described as follows.

**FINANCIAL REPORTING ENTITY**

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

**BASIC FINANCIAL STATEMENTS**

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises. The District does not have any activities that are considered business-type activities.

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

**GOVERNMENT –WIDE FINANCIAL STATEMENTS**

The Statement of Net Assets and the Statement of Activities display information about the District as a whole. The effects of interfund activity, if any, is eliminated from these

**State of Louisiana**  
**Red River, Atchafalaya and Bayou Boeuf Levee District**  
**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2006**

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financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service.

**FUND FINANCIAL STATEMENTS**

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Major individual funds are reported as separate columns in the fund financial statements. The District reports all its activities in a General Fund.

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

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

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

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

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

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

Under the modified accrual basis of accounting and the current financial resources measurement focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end or if it is due under a cost reimbursement arrangement. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, claims and judgments are recorded as expenses when

*State of Louisiana*  
*Red River, Atchafalaya and Bayou Boeuf Levee District*  
*Notes to Financial Statements*  
*As of and for the Year Ended June 30, 2006*

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payment is made. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt is reported as an other financing source and repayment of long-term debt is reported as an expenditure.

**BUDGETARY ACCOUNTING**

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

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

**CASH AND CASH EQUIVALENTS**

For reporting purposes, cash and cash equivalents includes all cash on hand, cash in bank accounts, certificates of deposit, and highly liquid investments maturing in three months or less. Cash restricted for payment as required by law, contract, or agreement is reported separately in the financial statements. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by state law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

**RECEIVABLES**

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible. At June 30, 2006, no amounts reported as receivables were considered to be uncollectible.

**CAPITAL ASSETS**

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

Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Depreciation of all exhaustible capital assets is charged as an expense against

*State of Louisiana*  
*Red River, Atchafalaya and Bayou Boeuf Levee District*  
*Notes to Financial Statements*  
*As of and for the Year Ended June 30, 2006*

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operations in the Statement of Activities. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 10 – 40 years for buildings and building improvements and 5 to 10 years for moveable property. Expenditures for maintenance, repairs, and minor renewals is charged to earnings as incurred.

**COMPENSATED ABSENCES**

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

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS**

For reporting purposes, deposits with financial institutions included demand deposits and certificates of deposit. Deposits in bank accounts are stated at cost, which approximates market value. At June 30, 2006, cash on deposit with financial institutions totaled \$1,936,423 (book balance) and \$1,943,352 (bank balance). These balances were considered unrestricted.

Under state law, these deposits must be secured by federal deposit insurance or by the pledge of securities held by the bank. The securities pledged are held in the name of the pledging bank in a custodial bank that is mutually acceptable to both parties (GASB Category 3). At June 30, 2006, deposits were protected by \$500,000 in FDIC insurance coverage and pledged securities with a market value of \$2,410,924. Even though the pledged securities are considered uncollateralized (Category 3), state law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified by the District that the pledging bank has failed to pay deposited funds on demand.

**NOTE 3 – AD VALOREM TAXES**

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year in which the tax is levied. Property taxes are recognized when the revenue is measurable and available. Available means due or past due and collected no longer than 60 days after the close of the current period. For the year ended June 30, 2006, the District levied and collected 3.64 mills of taxes for the general corporate purposes of the District. In addition, the District levied and collected a 15 cents (\$.15) per acre assessment on 683,925 acres within the

*State of Louisiana*  
*Red River, Atchafalaya and Bayou Boeuf Levee District*  
**Notes to Financial Statements**  
*As of and for the Year Ended June 30, 2006*

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parishes served by the District and a \$100 per mile assessment on track mileage on the railroads in Rapides, St. Landry, and Avoyelles Parish.

**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2006 consisted of the following:

Ad valorem taxes	\$ 284
State revenue sharing	2,917
Royalties	315
Interest	358
Permits and other fees	110
Total	<u>\$ 3,984</u>

**NOTE 5 - CAPITAL ASSETS**

A summary of the District's capital assets for the year ended June 30, 2006 follows:

	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Disposals</u></b>	<b><u>Ending Balance</u></b>
Non Depreciable Capital Assets				
Land	\$ 412,005	\$ ---	\$ ---	\$ 412,005
Total	412,005	---	---	412,005
Depreciable Capital Assets				
Buildings and Improvements	589,846	13,699	---	603,545
Automobiles and Equipment	650,421	4,650	---	655,071
Accumulated Depreciation	(567,509)	(113,862)	---	(681,371)
Total Depreciable Capital Assets	672,758	(95,513)	---	577,245
Total Capital Assets, net	<u>\$ 1,084,763</u>	<u>\$ (95,513)</u>	<u>\$ ---</u>	<u>\$ 989,250</u>

**NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses at June 30, 2006 consisted of the following:

Vendors	\$ 44,989
Other payables	3,446
Total	<u>\$ 48,435</u>

**State of Louisiana**  
**Red River, Atchafalaya and Bayou Boeuf Levee District**  
**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2006**

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**NOTE 7 - COMPENSATED ABSENCES**

At June 30, 2006, employees of the District had accumulated \$66,285 in annual leave benefits which were computed in accordance with GASB Codification Section C60. The following is a summary of the changes in compensated absences:

Beginning balance	\$ 71,991
Additions	56,627
Deletions	<u>(63,725)</u>
Total	<u>\$ 66,285</u>

**NOTE 8 - LONG-TERM DEBT**

A summary of long-term debt at June 30, 2006 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Capital Leases Payable:				
John Deere	\$ 90,149	\$ ---	\$ 23,053	\$ 67,096
Caterpillar	94,081	---	16,069	78,012
Total	<u>\$ 184,230</u>	<u>\$ ---</u>	<u>\$ 39,122</u>	<u>\$ 145,108</u>

Long-term debt outstanding at June 30, 2006 consisted of two capital lease agreements entered into in prior years for the purchase of an excavator and a dozer with an original cost of \$97,980 and \$95,579, respectively. The capital lease for the excavator bears interest at a rate of 4.75% with 48 monthly payments of \$2,236 beginning March 20, 2005 and ending February 20, 2009. The capital lease for the dozer bears interest at a rate of 4.3% with 60 monthly payments of \$1,767 beginning July 7, 2005 and ending July 7, 2010. Future minimum lease payments under these capital lease arrangements is presented as follows:

Year Ending June 30,	<u>John Deere</u>	<u>Caterpillar</u>	<u>Total</u>
2007	\$ 26,838	\$ 21,202	\$ 48,040
2008	26,838	21,202	48,040
2009	17,892	21,202	39,094
2010	---	21,202	21,202
Total minimum lease payments	71,568	84,808	156,376
Amounts representing interest	(4,472)	(6,796)	(11,272)
Present value of minimum lease payments	<u>\$ 67,096</u>	<u>\$ 78,012</u>	<u>\$ 145,108</u>

*State of Louisiana*  
*Red River, Atchafalaya and Bayou Boeuf Levee District*  
*Notes to Financial Statements*  
*As of and for the Year Ended June 30, 2006*

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**NOTE 9 – PENSION PLANS**

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

All full time employees of the District are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual 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 the following levels:

- any age with 30 years of service;
- age 55 with 25 years of service; or
- age 60 with 10 years of service.

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

Members are required by state statute to contribute 7.5 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current employer rate is 19.1 percent of annual covered payroll. The contribution requirements of plan members and the office are established and may be amended by state statute. The employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contribution to the System for the years ended June 30, 2006, 2005, and 2004 were \$130,018, \$128,643, and \$114,452, respectively, equal to the required contribution for each year.

**NOTE 10 – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

The District currently provides continuing healthcare and life insurance benefits for its retired employees. Substantially all of the District's employees become eligible for these benefits of they reach normal retirement age while working for the District. The District recognizes the cost of providing these benefits as an expense when the monthly premiums are paid. The cost of providing these benefits to retirees for the year ended June 30, 2006 totaled \$97,936 for 13 retirees.

*State of Louisiana*  
*Red River, Atchafalaya and Bayou Boeuf Levee District*  
*Notes to Financial Statements*  
*As of and for the Year Ended June 30, 2006*

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**NOTE 11 – PER DIEM PAYMENTS**

Per diem payments are authorized by Louisiana Revised Statute 38:308 and are included in the personal services expenses. Board members are paid \$75 per day to a maximum of 36 days per year for board meetings and/or official business. The board president may receive compensation not to exceed \$1,000 per month in lieu of per diem. Per diem payments for the year ended June 30, 2006 were as follows:

<u>Commissioners</u>	<u>Amount</u>
Burton Bordelon	\$ 2,700
Andrew Leon	8,900
Jerry Slocum	5,800
Total	<u>\$ 17,400</u>

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

The District has been named as a defendant in several lawsuits as of June 30, 2006. These suits are at various stages in the legal system. It is not possible to predict at this time the extent of the District's liability. Losses, if any, are not expected to exceed available insurance coverage.

**NOTE 13 – RISK MANAGEMENT**

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**State of Louisiana**  
**Red River, Atchafalaya and Bayou Boeuf Levee District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2006**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues:</u></b>				
Taxes:				
Ad valorem	\$1,592,000	\$1,662,000	\$1,685,631	23,631
State Revenue Sharing	90,000	90,000	94,155	4,155
Intergovernmental Revenues	-	-	25,000	25,000
Interest Income	30,000	30,000	63,278	33,278
Royalties and Leases	80,000	120,000	127,812	7,812
Miscellaneous	17,500	17,500	30,240	12,740
<b>Total revenues</b>	<u>1,809,500</u>	<u>1,919,500</u>	<u>2,026,116</u>	<u>106,616</u>
<b><u>Expenditures:</u></b>				
General Government				
Personal Services	1,244,840	1,217,840	1,239,752	(21,912)
Travel	6,000	6,000	11,474	(5,474)
Operating Services	379,000	446,000	408,085	37,915
Supplies	17,000	17,000	9,359	7,641
Professional Services	16,660	24,660	20,992	3,668
Capital Expenditures	146,000	104,000	18,349	85,651
Debt Service	-	-	46,273	(46,273)
<b>Total expenditures</b>	<u>1,809,500</u>	<u>1,815,500</u>	<u>1,754,284</u>	<u>61,216</u>
<b>Net Change in Fund Balances</b>	-	104,000	271,832	167,832
<b>Fund Balance (Deficit) -     Beginning of Year</b>	<u>1,786,227</u>	<u>1,786,227</u>	<u>1,786,227</u>	<u>-</u>
<b>Fund Balance (Deficit) -     End of Year</b>	<u><u>\$1,786,227</u></u>	<u><u>\$1,890,227</u></u>	<u><u>\$2,058,059</u></u>	<u><u>\$ 167,832</u></u>

**LAWRENCE E. MAYEAUX, CPA LLC**

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Office(318) 346-6869  
Cell (318) 359-9766

Lawrence E. Mayeaux, C.P.A.

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July 25, 2006

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

I have audited the financial statements of the Red River, Atchafalaya and Bayou Boeuf Levee District (the District), a component unit of the State of Louisiana, as of and for the year ended June 30, 2006, and have issued my report thereon dated July 25, 2006. I conducted my 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.

**COMPLIANCE**

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

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing my audit, I considered the District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be a material weakness.

*Board of Commissioners  
Red River, Atchafalaya and Bayou Boeuf Levee District  
July 25, 2006*

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This report is intended for the information of management, and is not intended to be and should not be used by anyone other than the specified parties. However, this report is a matter of public record and its distribution is not limited.

*Lawrence E Mayeaux CPA LLC*

LAWRENCE E. MAYEAUX CPA LLC  
Certified Public Accountant

*State of Louisiana*  
*Red River, Atchafalaya and Bayou Boeuf Levee District*  
*Schedule of Findings and Questioned Costs*  
*For the Year Ended June 30, 2006*

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**PART I - SUMMARY OF AUDITOR'S RESULTS:**

- The Independent Auditor's Report on the financial statements for the Red River, Atchafalaya and Bayou Boeuf Levee District as of June 30, 2006 and for the year then ended expressed an unqualified opinion.
- The report on internal control included no reportable conditions.
- The results of the audit disclosed no instances of noncompliance that are considered to be material to the financial statements of the Red River, Atchafalaya and Bayou Boeuf Levee District.

**PART II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:**

- N/A

**PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:**

- N/A

*State of Louisiana*  
*Red River, Atchafalaya and Bayou Boeuf Levee District*  
*Management's Corrective Action Plan*  
*For the Year Ended June 30, 2006*

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<b><u>SECTION I</u></b> <b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>	
No findings were reported in the schedule of findings and questioned costs.	Response – N/A
<b><u>SECTION II</u></b> <b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
No findings were reported in the schedule of findings and questioned costs.	Response – N/A
<b><u>SECTION III</u></b> <b>MANAGEMENT LETTER</b>	
No findings were reported in the schedule of findings and questioned costs.	Response – N/A

*State of Louisiana*  
*Red River, Atchafalaya and Bayou Boeuf Levee District*  
*Schedule of Prior Year Findings and Questioned Costs*  
*For the Year Ended June 30, 2006*

<b><u>SECTION I</u></b> <b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>	
Finding No. 2005-01: Actual expenditures exceeded budgeted expenditures by more than 5% in the year ended June 30, 2005.	Response – Finding has been corrected. Budget is reviewed annually and adjusted as needed.
<b><u>SECTION II</u></b> <b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
No findings were reported in the schedule of findings and questioned costs.	Response – N/A
<b><u>SECTION III</u></b> <b>MANAGEMENT LETTER</b>	
No findings were reported in the schedule of findings and questioned costs.	Response – N/A

**DIVISION OF ADMINISTRATION REPORTING PACKAGE**

**STATE OF LOUISIANA  
RED RIVER, ATCHAFALAYA AND BAYOU BOEUF LEVEE DISTRICT  
BALANCE SHEET  
AS OF JUNE 30, 2006**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$ 1,086,547
Investments	850,000
Receivables (net of allowance for doubtful accounts)(Note U)	3,984
Due from other funds (Note Y)	
Due from federal government	
Inventories	
Prepayments	50,526
Notes receivable	
Other current assets	
<b>Total current assets</b>	<b>1,991,057</b>

**NONCURRENT ASSETS:**

Restricted assets (Note F):	
Cash	
Investments	
Receivables	
Notes receivable	
Investments	
Capital assets (net of depreciation)(Note D)	
Land	412,005
Buildings and improvements	284,654
Machinery and equipment	292,591
Infrastructure	
Construction in progress	
Other noncurrent assets	
<b>Total noncurrent assets</b>	<b>989,250</b>
<b>Total assets</b>	<b>\$ 2,980,307</b>

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable and accruals (Note V)	\$ 48,435
Due to other funds (Note Y)	
Due to federal government	
Deferred revenues	
Amounts held in custody for others	
Other current liabilities	
Current portion of long-term liabilities:	
Contracts payable	
Reimbursement contracts payable	
Compensated absences payable (Note K)	
Capital lease obligations - (Note J)	42,438
Claims and litigation payable (Note K)	
Notes payable	
Liabilities payable from restricted assets (Note Z)	
Bonds payable	
Other long-term liabilities	
<b>Total current liabilities</b>	<b>90,873</b>

**NON-CURRENT LIABILITIES:**

Contracts payable	
Reimbursement contracts payable	
Compensated absences payable (Note K)	66,285
Capital lease obligations (Note J)	102,670
Claims and litigation payable (Note K)	
Notes payable	
Liabilities payable from restricted assets (Note Z)	
Bonds payable	
Other long-term liabilities	
<b>Total long-term liabilities</b>	<b>168,955</b>
<b>Total liabilities</b>	<b>259,828</b>

**NET ASSETS**

Invested in capital assets, net of related debt	844,142
Restricted for:	
Capital projects	
Debt service	
Unemployment compensation	
Other specific purposes	
Unrestricted	1,876,337
<b>Total net assets</b>	<b>2,720,479</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,980,307</b>

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

**STATE OF LOUISIANA  
RED RIVER, ATCHAFALAYA AND BAYOU BOEUF LEVEE DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2006**

<b>OPERATING REVENUES</b>	
Sales of commodities and services	\$ _____
Assessments	
Use of money and property	191,090
Licenses, permits, and fees	
Other	30,240
Total operating revenues	<u>221,330</u>
<b>OPERATING EXPENSES</b>	
Cost of sales and services	1,691,107
Administrative	
Depreciation	113,862
Amortization	
Total operating expenses	<u>1,804,969</u>
Operating income(loss)	<u>(1,583,639)</u>
<b>NON-OPERATING REVENUES(EXPENSES)</b>	
State appropriations	94,155
Intergovernmental revenues (expenses)	25,000
Taxes	1,685,631
Use of money and property	
Gain on disposal of fixed assets	
Loss on disposal of fixed assets	
Federal grants	
Interest expense	
Other revenue	
Other expense	
Total non-operating revenues(expenses)	<u>1,804,786</u>
Income(loss) before contributions and transfers	<u>221,147</u>
Capital contributions	
Extraordinary item - Loss on impairment of capital assets	
Transfers in	
Transfers out	
Change in net assets	<u>221,147</u>
Total net assets – beginning as restated	<u>2,499,332</u>
Total net assets – ending	<u>\$ <u>2,720,479</u></u>

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

**STATE OF LOUISIANA  
RED RIVER, ATCHAFALAYA AND BAYOU BOEUF LEVEE DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2006**

	Program Revenues			Net (Expense)
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
RRABB	\$ 1,804,969	\$	\$ 25,000	\$ (1,779,969)
General revenues:				
Taxes				1,685,631
State appropriations				94,155
Grants and contributions not restricted to specific programs				
Interest				63,278
Miscellaneous				158,052
Special items				
Extraordinary item - Loss on impairment of capital assets				
Transfers				
Total general revenues, special items, and transfers				2,001,116
Change in net assets				221,147
Net assets - beginning as restated				2,499,332
Net assets - ending				\$ 2,720,479

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

**STATE OF LOUISIANA  
RED RIVER, ATCHAFALAYA AND BAYOU BOEUF LEVEE DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2006**

<b>Cash flows from operating activities</b>	
Cash received from customers	\$ _____
Cash payments to suppliers for goods and services	<u>(485,946)</u>
Cash payments to employees for services	<u>(1,233,031)</u>
Payments in lieu of taxes	_____
Internal activity-payments to other funds	_____
Claims paid to outsiders	_____
Other operating revenues(expenses)	<u>25,000</u>
Net cash provided(used) by operating activities	\$ <u>(1,693,977)</u>
<b>Cash flows from non-capital financing activities</b>	
State revenue sharing	<u>91,238</u>
Proceeds from ad valorem taxes	<u>1,686,054</u>
Proceeds from royalties and leases	<u>130,482</u>
Miscellaneous revenues	<u>22,396</u>
Proceeds from issuance of notes payable	_____
Principal paid on notes payable	_____
Interest paid on notes payable	_____
Operating grants received	_____
Transfers in	_____
Transfers out	_____
Other	_____
Net cash provided(used) by non-capital financing activities	<u>1,930,180</u>
<b>Cash flows from capital and related financing activities</b>	
Proceeds from sale of bonds	_____
Principal paid on bonds	_____
Interest paid on bond maturities	_____
Proceeds from issuance of notes payable	_____
Principal paid on capital leases	<u>(39,122)</u>
Interest paid on capital leases	<u>(7,151)</u>
Acquisition/construction of capital assets	<u>(18,349)</u>
Proceeds from sale of capital assets	<u>7,734</u>
Capital contributions	_____
Other	_____
Net cash provided(used) by capital and related financing activities	<u>(56,888)</u>
<b>Cash flows from investing activities</b>	
Purchases of investment securities	_____
Proceeds from sale of investment securities	_____
Interest and dividends earned on investment securities	<u>63,836</u>
Net cash provided(used) by investing activities	<u>63,836</u>
Net increase(decrease) in cash and cash equivalents	<u>243,151</u>
Cash and cash equivalents at beginning of year	<u>843,396</u>
Cash and cash equivalents at end of year	\$ <u><u>1,086,547</u></u>

The accompanying notes are an integral part of this statement.



*State of Louisiana*  
*Red River, Atchafalaya and Bayou Boeuf Levee District*  
*Notes to Financial Statements*  
*As of and for the Year Ended June 30, 2006*

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The District's accompanying policies conform to generally accepted accounting principles for governmental units. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Some of the Districts more significant accounting policies are described as follows.

**FINANCIAL REPORTING ENTITY**

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

**BASIC FINANCIAL STATEMENTS**

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises. The District does not have any activities that are considered business-type activities.

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

**GOVERNMENT – WIDE FINANCIAL STATEMENTS**

The Statement of Net Assets and the Statement of Activities display information about the District as a whole. The effects of interfund activity, if any, is eliminated from these

*State of Louisiana*  
*Red River, Atchafalaya and Bayou Boeuf Levee District*  
**Notes to Financial Statements**  
*As of and for the Year Ended June 30, 2006*

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financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service.

**FUND FINANCIAL STATEMENTS**

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Major individual funds are reported as separate columns in the fund financial statements. The District reports all its activities in a General Fund.

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

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

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

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

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

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

Under the modified accrual basis of accounting and the current financial resources measurement focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end or if it is due under a cost reimbursement arrangement. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, claims and judgments are recorded as expenses when

*State of Louisiana*  
*Red River, Atchafalaya and Bayou Boeuf Levee District*  
*Notes to Financial Statements*  
*As of and for the Year Ended June 30, 2006*

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payment is made. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt is reported as an other financing source and repayment of long-term debt is reported as an expenditure.

**BUDGETARY ACCOUNTING**

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

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

**CASH AND CASH EQUIVALENTS**

For reporting purposes, cash and cash equivalents includes all cash on hand, cash in bank accounts, certificates of deposit, and highly liquid investments maturing in three months or less. Cash restricted for payment as required by law, contract, or agreement is reported separately in the financial statements. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by state law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

**RECEIVABLES**

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible. At June 30, 2006, no amounts reported as receivables were considered to be uncollectible.

**CAPITAL ASSETS**

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

Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Depreciation of all exhaustible capital assets is charged as an expense against

*State of Louisiana*  
*Red River, Atchafalaya and Bayou Boeuf Levee District*  
*Notes to Financial Statements*  
*As of and for the Year Ended June 30, 2006*

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operations in the Statement of Activities. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 10 – 40 years for buildings and building improvements and 5 to 10 years for moveable property. Expenditures for maintenance, repairs, and minor renewals is charged to earnings as incurred.

**COMPENSATED ABSENCES**

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

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS**

For reporting purposes, deposits with financial institutions included demand deposits and certificates of deposit. Deposits in bank accounts are stated at cost, which approximates market value. At June 30, 2006, cash on deposit with financial institutions totaled \$1,936,423 (book balance) and \$1,943,352 (bank balance). These balances were considered unrestricted.

Under state law, these deposits must be secured by federal deposit insurance or by the pledge of securities held by the bank. The securities pledged are held in the name of the pledging bank in a custodial bank that is mutually acceptable to both parties (GASB Category 3). At June 30, 2006, deposits were protected by \$500,000 in FDIC insurance coverage and pledged securities with a market value of \$2,410,924. Even though the pledged securities are considered uncollateralized (Category 3), state law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified by the District that the pledging bank has failed to pay deposited funds on demand.

**NOTE 3 – AD VALOREM TAXES**

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year in which the tax is levied. Property taxes are recognized when the revenue is measurable and available. Available means due or past due and collected no longer than 60 days after the close of the current period. For the year ended June 30, 2006, the District levied and collected 3.64 mills of taxes for the general corporate purposes of the District. In addition, the District levied and collected a 15 cents (\$.15) per acre assessment on 683,925 acres within the

*State of Louisiana*  
*Red River, Atchafalaya and Bayou Boeuf Levee District*  
*Notes to Financial Statements*  
*As of and for the Year Ended June 30, 2006*

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parishes served by the District and a \$100 per mile assessment on track mileage on the railroads in Rapides, St. Landry, and Avoyelles Parish.

**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2006 consisted of the following:

Ad valorem taxes	\$ 284
State revenue sharing	2,917
Royalties	315
Interest	358
Permits and other fees	110
Total	<u>\$ 3,984</u>

**NOTE 5 - CAPITAL ASSETS**

A summary of the District's capital assets for the year ended June 30, 2006 follows:

	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Disposals</u></b>	<b><u>Ending Balance</u></b>
Non Depreciable Capital Assets				
Land	\$ 412,005	\$ ---	\$ ---	\$ 412,005
Total	412,005	---	---	412,005
Depreciable Capital Assets				
Buildings and Improvements	589,846	13,699	---	603,545
Automobiles and Equipment	650,421	4,650	---	655,071
Accumulated Depreciation	(567,509)	(113,862)	---	(681,371)
Total Depreciable Capital Assets	672,758	(95,513)	---	577,245
Total Capital Assets, net	<u>\$ 1,084,763</u>	<u>\$ (95,513)</u>	<u>\$ ---</u>	<u>\$ 989,250</u>

**NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses at June 30, 2006 consisted of the following:

Vendors	\$ 44,989
Other payables	3,446
Total	<u>\$ 48,435</u>

*State of Louisiana*  
*Red River, Atchafalaya and Bayou Boeuf Levee District*  
*Notes to Financial Statements*  
*As of and for the Year Ended June 30, 2006*

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**NOTE 7 – COMPENSATED ABSENCES**

At June 30, 2006, employees of the District had accumulated \$66,285 in annual leave benefits which were computed in accordance with GASB Codification Section C60. The following is a summary of the changes in compensated absences:

Beginning balance	\$ 71,991
Additions	56,627
Deletions	(63,725)
Total	<u>\$ 66,285</u>

**NOTE 8 – LONG-TERM DEBT**

A summary of long-term debt at June 30, 2006 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Capital Leases Payable:				
John Deere	\$ 90,149	\$ ---	\$ 23,053	\$ 67,096
Caterpillar	94,081	---	16,069	78,012
Total	<u>\$ 184,230</u>	<u>\$ ---</u>	<u>\$ 39,122</u>	<u>\$ 145,108</u>

Long-term debt outstanding at June 30, 2006 consisted of two capital lease agreements entered into in prior years for the purchase of an excavator and a dozer with an original cost of \$97,980 and \$95,579, respectively. The capital lease for the excavator bears interest at a rate of 4.75% with 48 monthly payments of \$2,236 beginning March 20, 2005 and ending February 20, 2009. The capital lease for the dozer bears interest at a rate of 4.3% with 60 monthly payments of \$1,767 beginning July 7, 2005 and ending July 7, 2010. Future minimum lease payments under these capital lease arrangements is presented as follows:

Year Ending June 30,	<u>John Deere</u>	<u>Caterpillar</u>	<u>Total</u>
2007	\$ 26,838	\$ 21,202	\$ 48,040
2008	26,838	21,202	48,040
2009	17,892	21,202	39,094
2010	---	21,202	21,202
Total minimum lease payments	71,568	84,808	156,376
Amounts representing interest	(4,472)	(6,796)	(11,272)
Present value of minimum lease payments	<u>\$ 67,096</u>	<u>\$ 78,012</u>	<u>\$ 145,108</u>

*State of Louisiana*  
*Red River, Atchafalaya and Bayou Boeuf Levee District*  
*Notes to Financial Statements*  
*As of and for the Year Ended June 30, 2006*

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**NOTE 9 – PENSION PLANS**

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

All full time employees of the District are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual 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 the following levels:

- any age with 30 years of service;
- age 55 with 25 years of service; or
- age 60 with 10 years of service.

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

Members are required by state statute to contribute 7.5 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current employer rate is 19.1 percent of annual covered payroll. The contribution requirements of plan members and the office are established and may be amended by state statute. The employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contribution to the System for the years ended June 30, 2006, 2005, and 2004 were \$130,018, \$128,643, and \$114,452, respectively, equal to the required contribution for each year.

**NOTE 10 – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

The District currently provides continuing healthcare and life insurance benefits for its retired employees. Substantially all of the District's employees become eligible for these benefits of they reach normal retirement age while working for the District. The District recognizes the cost of providing these benefits as an expense when the monthly premiums are paid. The cost of providing these benefits to retirees for the year ended June 30, 2006 totaled \$97,936 for 13 retirees.

*State of Louisiana*  
*Red River, Atchafalaya and Bayou Boeuf Levee District*  
*Notes to Financial Statements*  
*As of and for the Year Ended June 30, 2006*

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**NOTE 11 – PER DIEM PAYMENTS**

Per diem payments are authorized by Louisiana Revised Statute 38:308 and are included in the personal services expenses. Board members are paid \$75 per day to a maximum of 36 days per year for board meetings and/or official business. The board president may receive compensation not to exceed \$1,000 per month in lieu of per diem. Per diem payments for the year ended June 30, 2006 were as follows:

<u>Commissioners</u>	<u>Amount</u>
Burton Bordelon	\$ 2,700
Andrew Leon	8,900
Jerry Slocum	5,800
Total	<u>\$ 17,400</u>

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

The District has been named as a defendant in several lawsuits as of June 30, 2006. These suits are at various stages in the legal system. It is not possible to predict at this time the extent of the District's liability. Losses, if any, are not expected to exceed available insurance coverage.

**NOTE 13 – RISK MANAGEMENT**

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

**SUPPLEMENTARY INFORMATION**

**State of Louisiana**  
**Red River, Atchafalaya and Bayou Boeuf Levee District**  
**Schedule of Per Diem Paid to Board Members**  
**For the Year Ended June 30, 2006**

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<u>Commissioners</u>	<u>Amount</u>
Burton Bordelon - Avoyelles Parish	\$ 2,700
Andrew Leon - President, St. Landry Parish	8,900
Jerry Slocum - Rapides Parish	<u>5,800</u>
Total	<u>\$ 17,400</u>

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

Supplementary information - presented as additional analysis.

**State of Louisiana**  
**Red River, Atchafalaya and Bayou Boeuf Levee District**  
**Schedule of State Funding**  
**For the Year Ended June 30, 2006**

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<u>DESCRIPTION OF FUNDING</u>	<u>Amount</u>
State Revenue Sharing	<u>\$ 94,155</u>

Supplementary information - presented as additional analysis.

**State of Louisiana**  
**Red River, Atchafalaya and Bayou Boeuf Levee District**  
**Schedule of Long-Term Debt Amortization**  
**For the Year Ended June 30, 2006**

**Capital Leases**

Excavator

	Fiscal Year				
	Ending	Payment	Interest	Principal	Balance
	6/30/07	26,838	2,665	24,173	42,923
	6/30/08	26,838	1,492	25,346	17,577
	6/30/09	17,892	315	17,577	-
Totals		<u>71,568</u>	<u>4,472</u>	<u>67,096</u>	

Dozer

	Fiscal Year				
	Ending	Payment	Interest	Principal	Balance
	6/30/07	21,202	2,936	18,266	59,746
	6/30/08	21,202	2,136	19,066	40,680
	6/30/09	21,202	1,299	19,903	20,777
	6/30/10	21,202	425	20,777	-
Totals		<u>84,808</u>	<u>6,796</u>	<u>78,012</u>	

Supplementary information - presented as additional analysis.