

2011

LAKE BORGNE BASIN LEVEE DISTRICT

OFFICE OF THE GOVERNOR

A COMPONENT UNIT OF THE

STATE OF LOUISIANA

FOR THE FISCAL 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

9/20/06

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Lake Borgne Basin Levee District
Violet, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake Borgne Basin Levee District (a component unit of the State of Louisiana) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lake Borgne Basin Levee District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake Borgne Basin Levee District, as of June 30, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2006, on our consideration of the Lake Borgne Basin Levee District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

ERICKSEN KRENTEL & LAPORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

To the Board of Commissioners
Lake Borgne Basin Levee District
August 24, 2006
Page 2

The management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 28 through 29, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lake Borgne Basin Levee District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of Lake Borgne Basin Levee District. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was performed for the purpose of expressing an opinion on the basic financial statements taken as a whole. All other accompanying financial information listed as other supplementary information required by Louisiana law, in the table of contents is presented to comply with the requirements issued by the State of Louisiana, and is not a required part of the financial statements of the Lake Borgne Basin Levee District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

August 24, 2006


Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006

The Management's Discussion and Analysis of the Lake Borgne Basin Levee District's financial performance presents a narrative overview and analysis of Lake Borgne Basin Levee 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 in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the Lake Borgne Basin Levee District's financial statements, which begin on page 9.

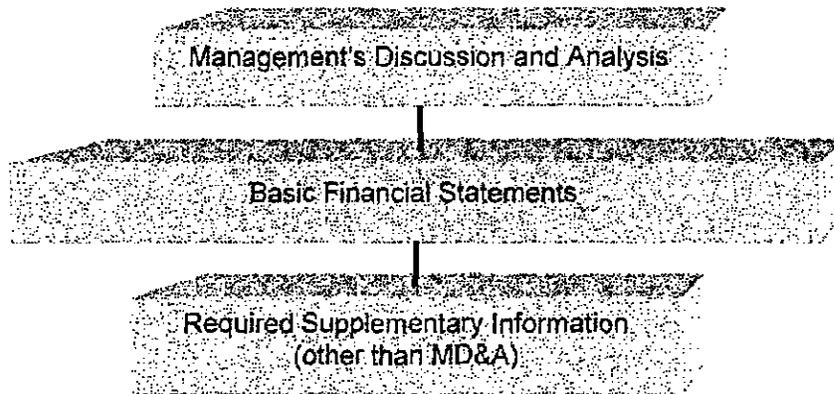
FINANCIAL HIGHLIGHTS

- ★ The Lake Borgne Basin Levee District's assets exceeded its liabilities at the close of fiscal year 2006 by \$19,554,000 which represents a 0.5% increase from last fiscal year.
- ★ Capital assets net of depreciation totaled \$16,316,000, a decrease of \$742,000, after considering depreciation of \$746,000.
- ★ Current liabilities totaled \$748,000, which represents an increase of \$34,000 from prior year end.
- ★ Long-term bond debt outstanding amounted to \$1,265,000, which represents a decrease of \$600,000. Principal paid on the bond issue in the current year amounted to \$580,000.
- ★ Revenues totaled \$3,728,000 as compared to prior year of \$4,090,000. This represents a decrease of \$362,000 from the prior year. The majority of the decrease is derived from a Hurricane Katrina-driven decrease in net ad valorem tax revenue of approximately \$1,100,000. This was offset by a \$660,000 increase in intergovernmental revenues, primarily from a FEMA grant.
- ★ Operating expenses totaled \$3,634,000, which represents a \$19,000 increase over prior year, primarily related to the impact of Hurricane Katrina.
- ★ Increase in net assets totaled \$94,000. This represents a \$381,000 decrease from the prior year's change in net assets of \$475,000. This decrease is attributed to decrease in revenues as noted above, and the increase in operating expenses.

STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Basic Financial Statements

The basic financial statements present information for the Lake Borgne Basin Levee District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the *Statement of Net Assets* and the *Statement of Activities*.

The Statement of Net Assets presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Lake Borgne Basin Levee District is improving or deteriorating.

The Statement of Activities presents information showing how Lake Borgne Basin Levee District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006**

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets
as of June 30, 2006 and 2005
(in thousands)

	Total	
	2006	2005
Current and other assets	\$ 5,368	\$ 5,104
Capital assets	16,316	17,058
Total assets	21,684	22,162
Other liabilities	788	714
Long-term debt outstanding	1,342	1,988
Total liabilities	2,130	2,702
Net assets:		
Invested in capital assets, net of debt	16,316	17,058
Restricted	527	1,071
Unrestricted	2,711	1,331
Total net assets	\$ 19,554	\$ 19,460

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

Net assets of Lake Borgne Basin Levee District increased by \$94,000 or 0.5%, from June 30, 2005 to June 30, 2006. This represents a \$381,000 decrease from the prior years change in net assets of \$475,000. The decrease is attributed to decrease in revenues and the increase in operating expenses.

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006**

Statement of Activities
for the years ended June 30, 2006 and 2005
(in thousands)

	Total	
	2006	2005
Operating revenues	\$ 116	\$ 104
Non-Operating revenues	3,612	3,986
Total Revenues	3,728	4,090
Total Expenses	3,634	3,615
Excess of Revenues/Expenditures	94	475
Transfers in		
Transfers out		
Net increase(decrease) in net assets	\$ 94	\$ 475

The Lake Borgne Basin Levee District's (BTA) total revenues decreased by \$362,000 or 9%. The total cost of all programs and services increased by \$19,000 or 1%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2006, the Lake Borgne Basin Levee District had \$16,316,000 invested in a broad range of capital assets. (See Table below)

This amount represents a net decrease (including additions and deductions) of \$742,000 or 4%, under last year.

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006**

**Capital Assets at Year-end
(Net of Depreciation, in thousands)**

	2006	2005
Land	\$ 257	\$ 257
Buildings and improvements	23	228
Equipment	289	175
Infrastructure	15,747	16,398
Total	\$ 16,316	\$ 17,058

This year's major additions included (in thousands):

- One Dozer model D5G \$113
- One Mobile Office Trailer 25
- Trucks and Tractors 131

Debt

The Lake Borgne Basin Levee District's had \$1,865,000 in bonds and notes outstanding at year-end, compared to \$2,445,000, a decrease of 24 % as shown in the table below.

**Outstanding Debt at Year-end
(in thousands)**

	2006	2005
General Obligation Bonds	\$ 0	\$ 0
Revenue Bonds and Notes	1,865	2,445
Total	\$ 1,865	\$ 2,445

The Lake Borgne Basin Levee District's bonds no longer carry a rating.

The Lake Borgne Basin Levee District's has claims and judgments of \$ -0- outstanding at year-end compared with \$ -0- last year. Other obligations include accrued vacation pay of \$117,000.

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006**

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

No budget amendments were done for the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Lake Borgne Basin Levee District's elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Same revenues as prior year
- Merit increases to employees
- Cost of living rise in operating expenses

The Lake Borgne Basin Levee District's expects that next year's results will improve based on the following:

- Getting over the negative impact of Hurricane Katrina
- FEMA and State Recovery Grants

CONTACTING THE LAKE BORGNE BASIS LEVEE DISTRICT MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Lake Borgne Basin Levee District's finances and to show the Lake Borgne Basin Levee District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Robert A. Turner, Jr. at 504-682-5941.

BASIC FINANCIAL STATEMENTS

LAKE BORGNE BASIN LEVEE DISTRICT
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2006

ASSETS:

Cash and cash equivalents	\$ 2,529,840
Receivable - ad valorem tax	2,528,875
Receivable - other	11,105
Due from other fund	102,472
Prepaid expenses and deposits	27,335
Inventories	163,821
Capital assets, net of accumulated depreciation	16,316,408
Unamortized bond issue costs	<u>4,356</u>
 Total assets	 <u>21,684,212</u>

LIABILITIES:

Accounts payable	1,329
Accrued salaries payable	20,081
Payroll deductions and accruals	2,210
Accrued interest payable	21,369
Due to other funds	102,472
Long-term liabilities:	
Bonds payable due within one year	600,000
Bonds payable due after one year	1,265,000
Compensated absences due within one year	40,000
Compensated absences long-term	<u>77,509</u>
 Total liabilities	 <u>2,129,970</u>

NET ASSETS:

Investment in capital assets	16,316,408
Restricted for capital projects	476,912
Restricted for debt service	50,160
Unrestricted	<u>2,710,762</u>
 Total net assets	 <u>\$ 19,554,242</u>

The accompanying notes are an integral part of this statement

**LAKE BORGNE BASIN LEVEE DISTRICT
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006**

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues Capital Grants</u>	<u>Net (Expense) Revenues and Changes in Net Assets</u>
<u>GOVERNMENTAL ACTIVITIES:</u>			
Public safety - flood protection:			
Personal services	\$ (1,330,192)	\$ -	\$ (1,330,192)
Employee benefits	(592,410)	-	(592,410)
Travel	(3,850)	-	(3,850)
Operating services	(614,711)	115,605	(499,106)
Supplies	(12,172)	-	(12,172)
Professional services	(51,951)	-	(51,951)
Interest on long-term debt	(64,921)	-	(64,921)
Katrina expenses	(213,648)	-	(213,648)
Depreciation expense	(746,166)	-	(746,166)
Miscellaneous	(3,513)	-	(3,513)
Net (expense) from governmental activities	<u>\$ (3,633,534)</u>	<u>\$ 115,605</u>	<u>(3,517,929)</u>
<u>GENERAL REVENUES:</u>			
Ad valorem, net			2,528,875
Intergovernmental			833,426
Investment income			131,946
Gain on disposal of assets			5,324
Miscellaneous income			<u>112,252</u>
Total general revenues			<u>3,611,823</u>
Change in net assets			93,894
Net assets - beginning			<u>19,460,348</u>
Net assets - ending			<u>\$ 19,554,242</u>

The accompanying notes are an integral part of this statement

LAKE BORGNE BASIN LEVEE DISTRICT
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA
BALANCE SHEET
JUNE 30, 2006

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
<u>ASSETS:</u>				
Cash and cash equivalents	\$ 2,002,768	\$ 476,912	\$ 50,160	\$ 2,529,840
Receivable - ad valorem tax	2,102,816	-	426,059	2,528,875
Receivable - other	11,105	-	-	11,105
Prepaid expenses and deposits	27,335	-	-	27,335
Due from other fund	75,000	-	27,472	102,472
Inventory	163,821	-	-	163,821
	<u>\$ 4,382,845</u>	<u>\$ 476,912</u>	<u>\$ 503,691</u>	<u>\$ 5,363,448</u>
<u>LIABILITIES AND FUND BALANCE:</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 1,329	\$ -	\$ -	\$ 1,329
Accrued salaries payable	20,081	-	-	20,081
Payroll deductions and accruals	2,210	-	-	2,210
Due to other funds	27,472	-	75,000	102,472
	<u>51,092</u>	<u>-</u>	<u>75,000</u>	<u>126,092</u>
<u>Fund balance:</u>				
Unreserved - undesignated	4,331,753	476,912	428,691	5,237,356
	<u>4,331,753</u>	<u>476,912</u>	<u>428,691</u>	<u>5,237,356</u>
Total liabilities and fund balance	<u>\$ 4,382,845</u>	<u>\$ 476,912</u>	<u>\$ 503,691</u>	<u>\$ 5,363,448</u>

The accompanying notes are an integral part of this statement

LAKE BORGNE BASIN LEVEE DISTRICT
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

Fund balance - total governmental fund	\$	5,237,356
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Net capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		16,316,408
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Bond issue costs are not financial resources and therefore are not reported in the funds, net of accumulated amortization of \$23,921.		4,356
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the government funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities (both current and long term) are reported in the Statement of Net Assets.

Accrued interest payable		(21,369)
Bond payable		(1,865,000)
Compensated absences		<u>(117,509)</u>

Net assets of governmental activities	\$	<u>19,554,242</u>
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The accompanying notes are an integral part of this statement

LAKE BORGNE BASIN LEVEE DISTRICT
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2006

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
<u>REVENUES:</u>				
Taxes	\$ 2,179,057	\$ -	\$ 441,522	\$ 2,620,579
Intergovernmental	805,954	-	27,472	833,426
Interest earnings	113,372	7,671	10,903	131,946
Leases, surveys, and testing	115,605	-	-	115,605
Other	112,252	-	-	112,252
Total revenues	<u>3,326,240</u>	<u>7,671</u>	<u>479,897</u>	<u>3,813,808</u>
<u>EXPENDITURES:</u>				
Personal services	1,330,192	-	-	1,330,192
Employee benefits	597,952	-	-	597,952
Travel	3,850	-	-	3,850
Operating services	614,711	-	-	614,711
Supplies	12,172	-	-	12,172
Professional services	51,951	-	-	51,951
Katrina expenses	213,648	-	-	213,648
Miscellaneous	3,513	-	-	3,513
Deductions from ad valorem taxes	76,241	-	15,463	91,704
Debt service	-	-	647,377	647,377
Capital outlays	279,303	-	-	279,303
Total expenditures	<u>3,183,533</u>	<u>-</u>	<u>662,840</u>	<u>3,846,373</u>
Excess of revenues over expenditures	142,707	7,671	(182,943)	(32,565)
<u>OTHER FINANCING SOURCES:</u>				
Insurance proceeds	280,179	-	-	280,179
Total other financing sources	<u>280,179</u>	<u>-</u>	<u>-</u>	<u>280,179</u>
Net change in fund balance	422,886	7,671	(182,943)	247,614
<u>FUND BALANCE/NET ASSETS:</u>				
Beginning of the year	3,908,867	469,241	611,634	4,989,742
End of the year	<u>\$ 4,331,753</u>	<u>\$ 476,912</u>	<u>\$ 428,691</u>	<u>\$ 5,237,356</u>

The accompanying notes are an integral part of this statement

**LAKE BORGNE BASIN LEVEE DISTRICT
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA
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**

Net change in fund balance - governmental fund	\$	247,614
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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 their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$279,303 was exceeded by depreciation of \$746,166 in the current period.		(466,863)
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Repayments of bond principle is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets		580,000
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In the Statement of Activities, interest is accrued on outstanding bonds; whereas in governmental funds, an interest expenditure is reported when due:

Bond interest		2,455
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Loss on disposal of assets in the Statement of Activities reflects the total insurance proceeds received less the net book value of the damaged or destroyed capital assets. Governmental funds report capital outlays as expenditures when purchased. Therefore the Statement of Revenues and Expenditures reports only the insurance proceeds received as an other financing source.		(274,854)
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Some expenses reported in the Statement of Activities do not require use of current financial resources and therefore are not reported as expenditures in governmental funds:

Accrued compensated absences		5,542
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Change in net assets of governmental activities	\$	93,894
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The accompanying notes are an integral part of this statement

NOTES TO THE FINANCIAL STATEMENTS

LAKE BORGNE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The Lake Borgne Basin Levee District was created by Louisiana Revised Statute (R.S.) 38:291(G). The Lake Borgne Basin Levee District is comprised of all the territory contained within the parish of St. Bernard. The levee district primarily provides flood protection for those areas contained in the district. The levee district is responsible for 60 miles of levees, 8 pumping stations, and 53 miles of drainage canals. The governing board administers the operations and responsibilities of the levee district in accordance with the provisions of Louisiana statutes. The Board of Commissioners of the Lake Borgne Basin Levee District consists of three members appointed by the governor.

The Commission's office is located in Violet, Louisiana, and employs 37 full-time and 6 part-time employees. The Commission's operations are funded primarily through ad valorem taxes, state revenue sharing and interest earnings.

The accounting and reporting framework and the more significant accounting principles and practices of the Lake Borgne Basin Levee District are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the Lake Borgne Basin Levee District's financial activities for the fiscal year ended June 30, 2006. The Lake Borgne Basin Levee District implemented new reporting model standards beginning July 1, 2001. Comparability with reports of all earlier years will be affected.

Financial Reporting Entity

GASB Statement No. 14, "The Financial Reporting Entity," has defined the governmental reporting entity to be the State of Louisiana. The Lake Borgne Basin Levee District is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the board members, and public service is rendered within the state's boundaries. The accompanying basic financial statements present information only as to the transactions of the Lake Borgne Basin Levee District, a component unit of the State of Louisiana.

Annually the State of Louisiana issues a basic financial statement which includes the activity contained in the accompanying financial statement. The basic financial statement is issued by the Louisiana Division of Administration-Office of Statewide Reporting and Accounting Policy and audited by the Louisiana Legislative Auditor.

LAKE BORGNE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the Lake Borgne Basin Levee District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Statements

Fund financial statements of the Lake Borgne Basin Levee District are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund balances, revenues and expenditures/expenses. Funds are organized into one major category: governmental fund. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Lake Borgne Basin Levee District or meets the following criteria:

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

The funds of the Lake Borgne Basin Levee District are each considered to be a major fund and are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Lake Borgne Basin Levee District and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

LAKE BORGNE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Debt Service Fund

The Series 2003 Debt Service Fund accumulates ad valorem tax revenues for finance debt service payments of the February, 2003, General Obligation Refunding Bond issue that refunded the August 1, 1993, General Obligation Refunding Bond Issue.

Capital Projects Fund

The Bond Referendum Capital Projects Fund accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The government-wide Statement of Net Assets and the Statement of Activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

LAKE BORGNE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Lake Borgne Basin Levee District's management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Assets, Liabilities, Net Assets, and Fund Balances

Cash and Cash Equivalents and Investments

For the purpose of the Statement of Net Assets, cash and cash equivalents include all demand, savings accounts, and certificates of deposits with an original maturity of 90 days or less.

The Division of Administration, State of Louisiana, in a letter dated June 11, 2002, has advised that the Lake Borgne Basin Levee District does not provide major and significant improvements or maintenance to the levees that would constitute ownership under Governmental Accounting Standards Board (GASB 34) requirements. Based on guidance from the Division of Administration, the Lake Borgne Basin Levee District is required to report only a separate note disclosure of the MR&T and Hurricane Protection Levees in the financial statement. The Lake Borgne Basin Levee District mows grass and does minor repairs with its own workforce. Major repairs are normally made by the U.S. Corps of Engineers.

Inventory

Inventory consists of fuel and is carried at average cost on a first-in, first-out basis.

LAKE BORGNE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Net Assets, and Fund Balances (continued)

Depreciation

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Equipment	5-10 years
Infrastructure	40 years
Building	40 years

Fund Financial Statements

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

Compensated Absences

Employees of the Lake Borgne Basin Levee District earn and accumulate vacation and sick leave at varying rates, depending upon their years of service. The amount of vacation 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 vacation leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused vacation leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits.

The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absences liability payable from expendable available financial resources.

Equity Classifications

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

- a. Investment in Capital Assets - Consists of capital assets included restricted capital assets, net of accumulated depreciation.

LAKE BORGNE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Net Assets, and Fund Balances (continued)

Equity Classifications (continued)

- b. Restricted Net Assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

- c. Unrestricted Net Assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets."

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Revenues, Expenditures, and Expenses

Property Tax

Article 6, Section 39 of the Louisiana Constitution of 1974 provides that for the purpose of constructing and maintaining levees, levee drainage, flood protection, hurricane flood protection, and all other purposes incidental thereto, the levee 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.

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

Expenditures/Expenses

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

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

Governmental Funds - By Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

LAKE BORGNE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues, Expenditures, and Expenses (continued)

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

(2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a state agency, the Lake Borgne Basin Levee District is subject to various state laws and regulations. An analysis of the Lake Borgne Basin Levee District's compliance with significant laws and regulations and demonstration of its stewardship over the Lake Borgne Basin Levee District resources follows.

Fund Accounting Requirements

The Lake Borgne Basin Levee District complies with all state laws and regulations requiring the use of separate funds. The legally required funds used by the Lake Borgne Basin Levee District include the following:

Fund	Required By
Series 2003 Debt Service Fund	Bond Indenture
Bond Referendum Capital Projects Fund	Bond Indenture

Deposits and Investments Laws and Regulations

In accordance with state law, all uninsured deposits of the Lake Borgne Basin Levee District in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Louisiana or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Lake Borgne Basin Levee District must have a written collateral agreement approved by the Lake Borgne Basin Levee District of directors or loan committee. As reflected in Note 4, all deposits were fully insured or collateralized.

Investments are limited by R.S. 33:2955 and the Lake Borgne Basin Levee District's investment policy.

(3) DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, fund balances, revenues, and expenditures/expenses.

LAKE BORGNE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2006

(4) 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 Lake Borgne Basin Levee District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Lake Borgne Basin Levee District may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts and shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

At June 30, 2006, the District has cash and cash equivalents (book balances) totaling \$2,529,840 as follows:

Petty cash	\$	30
Demand deposits		<u>2,529,810</u>
		<u>\$ 2,529,840</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or 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 securities are held in the name of the pledging agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2006, \$2,594,192 of the District's bank balance of \$2,794,192 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's trust department not in District's name	\$	<u>2,594,192</u>
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(5) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006 was as follows:

	<u>Balance at June 30, 2005</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2006</u>
<u>Capital assets, not being depreciated</u>				
Land	\$ 256,954	\$ -	\$ -	<u>\$ 256,954</u>
Total capital assets, not being depreciated	<u>256,954</u>	-	-	<u>256,954</u>

LAKE BORGNE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2006

(5) CAPITAL ASSETS (CONTINUED)

<u>Capital assets, being depreciated</u>				
Building	244,827	25,494	(244,827)	25,494
Less: accumulated depreciation	<u>(17,039)</u>	<u>(3,569)</u>	<u>18,059</u>	<u>(2,549)</u>
Total building	<u>227,788</u>	<u>21,925</u>	<u>(226,768)</u>	<u>22,945</u>
Infrastructure	27,373,463	-	-	27,373,463
Less: accumulated depreciation	<u>(10,975,261)</u>	<u>(651,120)</u>	<u>-</u>	<u>(11,626,381)</u>
Total infrastructure	<u>16,398,202</u>	<u>(651,120)</u>	<u>-</u>	<u>15,747,082</u>
Machinery and equipment	1,420,971	253,808	(691,174)	983,605
Less: accumulated depreciation	<u>(1,245,789)</u>	<u>(91,477)</u>	<u>643,088</u>	<u>(694,178)</u>
Total machinery and equipment	<u>175,182</u>	<u>162,331</u>	<u>(48,086)</u>	<u>289,427</u>
Total capital assets	29,039,261	279,302	(936,001)	28,382,562
Less: accumulated depreciation	<u>(12,238,089)</u>	<u>(746,166)</u>	<u>661,147</u>	<u>(12,323,108)</u>
Total capital assets, being depreciated	<u>16,801,172</u>	<u>(466,864)</u>	<u>(274,854)</u>	<u>16,059,454</u>
Total capital assets, net	<u>\$17,058,126</u>	<u>\$ (466,864)</u>	<u>\$ (274,854)</u>	<u>\$ 16,316,408</u>

Depreciation expense for the year ended June 30, 2006 was \$746,166.

There are 13 miles of MR&T levees that lie within the jurisdiction of the Lake Borgne Basin Levee District. These levees were constructed and improved over the past 100 years by both original landowners and Federal and State Governments. The estimated cost of the 13 miles of MR&T levees as of June 30, 2006 is \$9,535,000. This estimate is based on information obtained from the New Orleans District of the U.S. Army Corps of Engineers.

The Lake Borgne Basin Levee District mows the grass and does minor repairs to 26 miles of Hurricane Protection Levees. These levees were built and improved during the past 35 years. Hurricane Protection Levees provide protection from coastal high tides and storm surges associated with tropical weather systems. The majority of funding for construction was provided by the U.S. The estimated project cost as of June 30, 2006, obtained from the New Orleans District of the U.S. Corps of Engineers, is \$60,312,000.

With the adjoining of both MR&T and Hurricane Protection Levees, a circle of flood protection is provided for the residents and property of Southeast Louisiana.

LAKE BORGNE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2006

(6) LONG-TERM DEBT

Governmental Activities

As of June 30, 2006, the governmental long-term debt of the Lake Borgne Basin Levee District consists of the following:

Bonds payable	\$ 1,865,000
Accrued compensated absences	<u>117,509</u>
Total governmental activity debt	<u>\$ 1,982,509</u>

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2006:

<u>Type of Debt</u>	<u>Balance at 6/30/05</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/06</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable	\$2,445,000	\$ -	\$ 580,000	\$1,865,000	\$ 600,000
Accrued compensated absences	<u>123,052</u>	<u>72,579</u>	<u>78,122</u>	<u>117,509</u>	<u>40,000</u>
Total general long-term debt	<u>\$2,568,052</u>	<u>\$ 72,579</u>	<u>\$ 658,122</u>	<u>\$1,982,509</u>	<u>\$ 640,000</u>

Bonds payable is composed of a general obligation refunding bond issue dated February 1, 2003, for \$3,550,000. It was issued for the purpose of advance refunding \$4,030,000 of outstanding General Obligation Bonds, Series 1989. These refunding bonds bear an interest rate of 2.75% and are due in annual installments of \$600,000 to \$640,000 through February 1, 2009. The bonds are secured by and payable from a 2.25 mill ad valorem tax levy.

The annual requirements to amortize the outstanding bond issues at June 30, 2006, including interest of \$103,676 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>General Obligation Refunding Bonds</u>
2007	\$ 651,288
2008	659,788
2009	<u>657,600</u>
	<u>\$ 1,968,676</u>

Interest incurred and charged to expense for the year ended June 30, 2006 was \$64,921.

LAKE BORGNE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2006

(7) EMPLOYEE PENSION AND OTHER BENEFIT PLANS

Pension Plan

Substantially all of the employees of the Lake Borgne Basin Levee District are members of the Louisiana State Employees Retirement System ("System"), a multiple-employer, defined benefit public employee retirement system (PERS) controlled and administered by a separate board of trustees.

All full time employees are eligible to participate in the System. 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 month average salary multiplied by their years of credited service.

Vested employees may retire at [a] any age with thirty years of service, [b] age 55 with twenty-five years of service, and [c] at age sixty with ten years of service. In addition, vested employees have the option of reduced benefits at any age with twenty years of service. The System also provides death and disability benefits. Benefits are established by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees' Retirement System; P. O. Box 44213; Baton Rouge, LA 70804 or by calling (800) 258-3000.

Members are required by state statute to contribute 7.5% of gross salary, and the Lake Borgne Basin Levee District 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, 2006, increased to 19.10% of annual covered payroll from the 17.8% and 15.8% required in fiscal years ended June 30, 2005 and June 30, 2004. The District's contributions to the System during the fiscal years ended June 30, 2006, 2005 and 2004 were \$169,369, \$183,849 and \$157,185, respectively, equal to the required contribution. Under present statutes, the Lake Borgne Basin Levee District does not guarantee any of the benefits granted by the system.

Postemployment Health Care and Life Insurance Benefits

The Lake Borgne Basin Levee District provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the Lake Borgne Basin Levee District's employees become eligible for these benefits if they reach normal retirement age while working for the Lake Borgne Basin Levee District. These benefits for retirees and similar benefits for active employees are provided through the State Employees Group Benefits Program whose monthly premiums are paid jointly by the employee and by the Lake Borgne Basin Levee District. The Lake Borgne Basin Levee District recognizes the cost of providing these benefits as an expenditure when paid during the year. For the year ended June 30, 2006, the cost of retiree benefits for nine retirees and one surviving spouse totaled \$62,106.

LAKE BORGNE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2006

(8) RISK MANAGEMENT

The Levee 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 for which the Levee District purchases commercial insurance.

During the year ended June 30, 2006 the Levee District did not reduce insurance coverages from coverage levels in place as of June 30, 2005. No settlements have exceeded coverage levels in place during 2001, 2002, 2003, 2004 and 2005.

(9) COMMITMENTS AND CONTINGENCIES

The Lake Borgne Basin Levee District is a defendant in lawsuits involving personal injury and property expropriated. The District's legal counsel has reviewed all claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the District. The legal counsel is of the opinion that liability from suits is questionable or insurance coverage appears adequate. The District's legal counsel has estimated a potential loss in the range of \$300,000 to \$600,000 on a case where insurance coverage was not available, though legal counsel is of the opinion that the District will prevail in its motion for summary judgment.

On February 4, 2003, grants were received from FEMA and State in the amount of \$26,910 and \$3,450 to cover the costs to mitigate chronic corrosion problems resulting from dissimilate metal. After subsequent engineering studies, it was the opinion of independent engineers that the planned actions would not remedy the problem. Management offered to reimburse the unused portion of the funds received; however grantors stated that management should keep the funds until such time as reimbursement was requested. The amount of reimbursement, if any, will be determined when an audit is made by the grantor(s); therefore the amount of any such reimbursement cannot be estimated at June 30, 2006.

(10) COMPENSATION PAID TO BOARD MEMBERS

The schedule of per diem payments to Board Members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. As authorized by Louisiana Revised Statute 38:308, each member of the Board shall be reimbursed when actually in attendance at a board meeting or when required to travel for the official authorized business of the board, and such reimbursement shall not exceed \$75.00 per meeting and not to exceed 36 meetings per year (\$2,700), plus actual expenses.

LAKE BORGNE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2006

(10) COMPENSATION PAID TO BOARD MEMBERS (CONTINUED)

The Board President, Mr. George E. Lopez, is paid a bi-weekly salary of \$250 in lieu of per diem during his term in office, as authorized by R.S. 38:308.

<u>Board Member</u>	<u>Salary</u>	<u>Amount</u>
George E. Lopez, President	\$ 6,750	\$ -
Randolph Odinet	-	300
Stephen Ehrlicher	-	<u>1,125</u>
	<u>\$ 6,750</u>	<u>\$ 1,425</u>

(11) INTERFUND BALANCES

During 2006, due to the delay in receiving ad valorem tax revenue, the Debt Service Fund borrowed \$75,000 from the General Fund to cover debt service costs. At June 30, 2006, this amount was due to the General Fund.

The Debt Service Fund's portion of the state revenue sharing income is received by the General Fund and remitted to the Debt Service Fund. At June 30, 2006, this amount totaled \$27,472 and was due to the Debt Service Fund.

(12) HURRICANE KATRINA

On August 29, 2005, Hurricane Katrina made landfall along the Southeast Louisiana coast, causing catastrophic flooding and wind damage to most homes and commercial buildings in St. Bernard Parish. The District's office and pumping stations sustained significant damage from floodwaters. Because of its responsibility for flood control in St. Bernard Parish, the District operated under emergency conditions in the months following the Hurricane. Several Federal and State emergency response agencies operated from the District's damaged facilities to conduct disaster response operations. The District's pumping stations were used to drain the floodwaters from St. Bernard Parish and the Lower Ninth Ward of New Orleans. Emergency repairs had to be made to the pumps in order to get them in working condition to expedite the drainage. These repairs were completed by various agencies, including the Army Corps of Engineers and the Louisiana National Guard. These agencies continued to conduct emergency operations from the District's facilities in the months following the Hurricane. In conducting these operations, these agencies provided various materials and services to the District such as fuel, supplies and manpower. Other than residual fuel inventories left by these agencies, the value of these in-kind donations cannot be quantified.

Hurricane Katrina's severe damage to St. Bernard Parish homes and businesses has impacted the ad valorem tax base for all St. Bernard Parish governmental agencies, including the District, which experienced a decrease of approximately \$1.1 million in ad valorem tax revenues in 2006. The effect on future revenues is unknown.

LAKE BORGNE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2006

(12) HURRICANE KATRINA (CONTINUED)

In the Legislative sessions following Hurricane Katrina, the State of Louisiana Legislature passed a bill which would consolidate the Lake Borgne Basin Levee District with the Orleans Levee District and the East Jefferson Levee District into a single, state-run levee board responsible for levee maintenance and flood control in St. Bernard, Orleans, Jefferson and St. Tammany parishes. This measure will be placed on a public ballot in September, 2006.

REQUIRED SUPPLEMENTARY INFORMATION

LAKE BORGNE BASIN LEVEE DISTRICT
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Taxes	\$ 3,825,000	\$ 3,825,000	\$ 2,620,579	\$ (1,204,421)
Intergovernmental	184,000	184,000	833,426	649,426
Interest earnings	101,000	101,000	131,946	30,946
Royalties, leases, and permits	10,000	10,000	-	(10,000)
Leases, surveys, and testing	5,000	5,000	115,605	110,605
Other	2,500	2,500	112,252	109,752
Total revenues	4,127,500	4,127,500	3,813,808	(313,692)
<u>EXPENDITURES:</u>				
Personal services	1,364,000	1,364,000	1,330,192	33,808
Employee benefits	679,300	679,300	597,952	81,348
Travel	3,200	3,200	3,850	(650)
Operating services	951,950	951,950	614,711	337,239
Supplies	15,800	15,800	12,172	3,628
Professional services	36,250	36,250	51,951	(15,701)
Katrina expenses	-	-	213,648	(213,648)
Miscellaneous	2,850	2,850	3,513	(663)
Deductions from ad valorem taxes	123,000	123,000	91,704	31,296
Debt service	647,000	647,000	647,377	(377)
Canal bank stabilization study	150,000	150,000	-	150,000
Depreciation expense	700,000	700,000	746,166	(46,166)
Total expenditures	4,673,350	4,673,350	4,313,236	360,114
Excess of revenues (expenditures)	(545,850)	(545,850)	(499,428)	46,422
<u>OTHER FINANCING SOURCES:</u>				
Insurance proceeds	-	-	280,179	280,179
Total other financing sources	-	-	280,179	280,179
Net change in fund balance	(545,850)	(545,850)	(219,249)	326,601
FUND BALANCE - BEGINNING	3,295,800	3,295,800	4,989,742	1,693,942
FUND BALANCE - ENDING	\$ 2,749,950	\$ 2,749,950	\$ 4,770,493	\$ 2,020,543

See Auditors' Report

**LAKE BORGNE BASIN LEVEE DISTRICT
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA
NOTE TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2006**

BUDGET-TO-ACTUAL RECONCILIATION

An explanation of the differences between budgetary inflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

EXPENDITURES

Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule	\$ 4,313,236
Depreciation reported for budgetary purposes	(746,166)
Capital outlays accounted for as capital acquisitions in Statement of Activities	<u>279,303</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	<u>\$ 3,846,373</u>

See Auditors' Report

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

ERICKSEN KRENTEL & LAPORTE L.L.P.

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J.V. LECLERE KRENTEL - RETIRED

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

To the Board of Commissioners
Lake Borgne Basin Levee District
Violet, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake Borgne Basin Levee District (a component unit of the State of Louisiana), as of and for the year ended June 30, 2006, which collectively comprise the Lake Borgne Basin Levee District's basic financial statements and have issued our report thereon dated August 24, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lake Borgne Basin Levee District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lake Borgne Basin 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 of noncompliance or other matters that are required to be reported under Government Auditing Standards.*

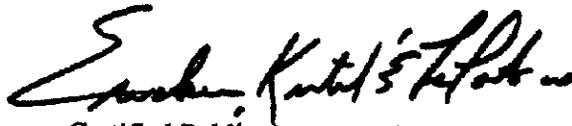
ERICKSEN KRENTEL & LA PORTELL P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

To the Board of Commissioners
Lake Borgne Basin Levee District
August 24, 2006

This report is intended solely for the information and use of the Board of Commissioners, management, the State of Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

August 24, 2006



Certified Public Accountants

SUPPLEMENTARY INFORMATION SCHEDULES

ERICKSEN KRENTEL & LA PORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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KENNETH J. ADNEY*
W. ERIC POWERS

*PROFESSIONAL CORPORATION
BENJAMIN J. ERICKSEN - RETIRED
J.V. LECLERE KRENTEL - RETIRED

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners
Lake Borgne Basin Levee District
Violet, Louisiana

Compliance

We have audited the compliance of Lake Borgne Basin Levee District (a component unit of the State of Louisiana), with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. Lake Borgne Basin Levee District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Lake Borgne Basin Levee District's management. Our responsibility is to express an opinion on Lake Borgne Basin Levee District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lake Borgne Basin Levee District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Lake Borgne Basin Levee District's compliance with those requirements.

In our opinion, Lake Borgne Basin Levee District, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

ERICKSEN KRENTEL & LAPORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

To the Board of Commissioners of
Lake Borgne Basin Levee District
August 24, 2006

Internal Control Over Compliance

The management of Lake Borgne Basin Levee District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Lake Borgne Basin Levee District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Board of Commissioners, management, the State of Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

August 24, 2006



Certified Public Accountants

**LAKE BORGNE BASIN LEVEE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Lake Borgne Basin Levee District
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the general financial statements of Lake Borgne Basin Levee District were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for Lake Borgne Basin Levee District expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for Lake Borgne Basin Levee District
7. The program tested as a major program was the FEMA Disaster Relief Grant (CFDA number 97.036).
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Lake Borgne Basin Levee District was not determined to be a low risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAM AUDIT

NONE

LAKE BORGNE BASIN LEVEE DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

A. FINDINGS – FINANCIAL STATEMENT AUDIT

NONE

**B. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAM
AUDIT**

NONE

LAKE BORGNE BASIN LEVEE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Homeland Security</u>			
State of Louisiana Office of Emergency Preparedness FEMA Disaster Relief Grant	97.036	FEMA-1603-DR-LA	\$ 668,491 *
Total Homeland Security			<u>668,491</u>
Total Federal Awards			<u>\$ 668,491</u>

* Major Program

Note: The schedule of expenditures of federal awards is a summary of the activity of Lake Borgne Basin Levee District's federal award programs presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

See Auditors' Report

**OTHER SUPPLEMENTARY INFORMATION
REQUIRED BY LOUISIANA LAW**

Lake Borgne Basin Levee District

STATE OF LOUISIANA
Annual Financial Statements
June 30, 2006

C O N T E N T S

TRANSMITTAL LETTER
AFFIDAVIT

Statements

MD&A

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DD.	Employee Termination Benefits

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2	Schedule of State Funding
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C	Information for Note BB - "Net Assets Restricted by Enabling Legislation"
D	Information for Note CC - "Impairment of Capital Assets"

Schedule Number

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 2006

Lake Borgne Basin Levee District

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

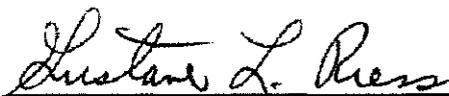
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

AFFIDAVIT

Personally came and appeared before the undersigned authority, Robert A. Turner, Jr. P.E. Executive Director of Lake Borgne Basin Levee District who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of Lake Borgne Basis 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. Sworn and subscribed before me, this 30 day of August, 2006.



Signature of Agency Official



NOTARY PUBLIC

#15861

Prepared by: CHARLES S DOIZE, JR

Title: ACCOUNTANT

Telephone No: 504-279-5959

Date: August 30, 2006



**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
BALANCE SHEET
AS OF JUNE 30, 2006**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$	<u>2,529,840</u>
Investments		
Receivables (net of allowance for doubtful accounts)(Note U)		<u>2,539,980</u>
Due from other funds (Note Y)		<u>102,472</u>
Due from federal government		
Inventories		<u>163,821</u>
Prepayments		<u>27,335</u>
Notes receivable		
Other current assets		
Total current assets		<u>5,363,448</u>

NONCURRENT ASSETS:

Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Notes receivable		
Investments		
Capital assets (net of depreciation)(Note D)		
Land		<u>256,954</u>
Buildings and improvements		<u>22,945</u>
Machinery and equipment		<u>289,427</u>
Infrastructure		<u>15,747,082</u>
Construction in progress		
Other noncurrent assets		<u>4,356</u>
Total noncurrent assets		<u>16,320,784</u>
Total assets	\$	<u>21,684,212</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$	<u>44,989</u>
Due to other funds (Note Y)		<u>102,472</u>
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)		
Claims and litigation payable (Note K)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		<u>600,000</u>
Other long-term liabilities		
Total current liabilities		<u>747,461</u>

NON-CURRENT LIABILITIES:

Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		<u>117,509</u>
Capital lease obligations (Note J)		
Claims and litigation payable (Note K)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		<u>1,265,000</u>
Other long-term liabilities		
Total long-term liabilities		<u>1,382,509</u>
Total liabilities		<u>2,129,970</u>

NET ASSETS

Invested in capital assets, net of related debt		<u>16,316,408</u>
Restricted for:		
Capital projects		<u>478,912</u>
Debt service		<u>50,160</u>
Unemployment compensation		
Other specific purposes		
Unrestricted		<u>2,710,762</u>
Total net assets		<u>19,554,242</u>
Total liabilities and net assets	\$	<u>21,684,212</u>

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

Statement A

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006**

OPERATING REVENUES	
Sales of commodities and services	\$
Assessments	
Use of money and property	
Licenses, permits, and fees	
Other	115,605
Total operating revenues	115,605
OPERATING EXPENSES	
Cost of sales and services	1,586,452
Administrative	1,235,995
Depreciation	746,166
Amortization	
Total operating expenses	3,568,613
Operating income (loss)	(3,453,008)
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	
Intergovernmental revenues (expenses)	833,426
Taxes	2,528,875
Use of money and property	131,946
Gain on disposal of fixed assets	
Loss on disposal of fixed assets	
Federal grants	
Interest expense	(64,921)
Insurance proceeds	5,324
Other revenue	112,252
Other expense	
Total non-operating revenues (expenses)	3,546,902
Income (loss) before contributions and transfers	93,894
Capital contributions	
Extraordinary item-Loss on impairment of capital assets	
Transfers in	
Transfers out	
Change in net assets	93,894
	19,460,348
Total net assets - beginning as restated	
Total net assets - ending	\$ 19,554,242

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

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006**

See Appendix A for instructions

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Entity	\$ 3,633,534	\$	\$ 115,605	\$ (3,517,929)
General revenues:				
Taxes				<u>2,528,875</u>
State appropriations				<u>833,426</u>
Grants and contributions not restricted to specific programs				
Interest				<u>131,946</u>
Insurance proceeds				<u>5,324</u>
Miscellaneous				<u>112,252</u>
Special Items				
Extraordinary item - Loss on impairment of capital assets				
Transfers				
Total general revenues, special items, and transfers				<u>3,611,823</u>
Change in net assets				<u>93,894</u>
Net assets - beginning as restated				<u>19,460,348</u>
Net assets - ending				<u>\$ 19,554,242</u>

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006**

Cash flows from operating activities	
Cash received from customers	\$ _____
Cash payments to suppliers for goods and services	_____
Cash payments to employees for services	_____ (1,330,192)
Payments in lieu of taxes	_____
Internal activity payments to other funds	_____
Claims paid to outsiders	_____
Other operating revenues(expenses)	_____ (4,083,045)
Net cash provided(used) by operating activities	\$ _____ (5,413,237)
Cash flows from non-capital financing activities	
State appropriations	_____ 833,427
Proceeds from sale of bonds	_____
Principal paid on bonds	_____ (580,000)
Interest paid on bond maturities	_____ (64,782)
Proceeds from issuance of notes payable	_____
Principal paid on notes payable	_____
Interest paid on notes payable	_____
Operating grants received	_____
Transfers in	_____
Transfers out	_____
Other	_____ 3,114,362
Net cash provided(used) by non-capital financing activities	_____ 3,302,997
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	_____ (279,303)
Proceeds from sale of capital assets	_____
Capital contributions	_____
Other	_____
Net cash provided(used) by capital and related financing activities	_____ (279,303)
Cash flows from investing activities	
Purchases of investment securities	_____
Proceeds from sale of investment securities	_____ 1,750,000
Interest and dividends earned on investment securities	_____ 30,788
Net cash provided(used) by investing activities	_____ 1,780,788
Net increase(decrease) in cash and cash equivalents	_____ (608,755)
Cash and cash equivalents at beginning of year	_____ 3,138,566
Cash and cash equivalents at end of year	\$ _____ 2,529,811

The accompanying notes are an integral part of this statement.

Statement D (continued)

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

INTRODUCTION

The Lake Borgne Basin Levee District was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute Louisiana Revised Statute 38:291(G). The following is a brief description of the operations of Lake Borgne Basin Levee District which includes the parish in which the District is located:

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. 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 Lake Borgne Basin Levee District present information only as to the transactions of the programs of the Lake Borgne Basin Levee 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 accounts of the Lake Borgne Basin Levee District 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.

B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the Lake Borgne Basin Levee District 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:

**STATE OF LOUISIANA
 LAKE BORGNE BASIN LEVEE DISTRICT
 Notes to the Financial Statement
 As of and for the year ended June 30, 2006**

<u>APPROPRIATIONS</u>	
Original approved budget	\$ <u>4,012,350</u>
Amendments:	<u>0</u> <hr style="border: 0; border-top: 1px solid black; margin: 2px 0;"/> <hr style="border: 0; border-top: 1px solid black; margin: 2px 0;"/> <hr style="border: 0; border-top: 1px solid black; margin: 2px 0;"/>
Final approved budget	\$ <u><u>4,012,350</u></u>

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.) See Appendix B 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 Lake Borgne Basin Levee District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the 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, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

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 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 the 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, 2006, consisted of the following:

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Deposits in Bank Accounts Per Balance Sheet	\$ 2,529,840	\$ _____	\$ _____	\$ 2,529,840
Bank Balances of Deposits 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 name	2,594,192	_____	_____	2,594,192
Total Bank Balances - All Deposits	\$ 2,794,192	\$ _____	\$ _____	\$ 2,794,192

NOTE: The "Total Bank Balances -- All Deposits" will not necessarily equal the "Deposits in Bank Account per Balance Sheet" due to outstanding items.

The following is a breakdown by banking institution, program, account number, and amount of the balances shown above:

1. <u>HIBERNIA NATIONAL BANK</u>	<u>OPERATIONS</u>	\$ <u>2,002,768</u>
2. <u>GULF COAST BANK AND TRUST</u>	<u>CAPITAL PROJECTS</u>	<u>476,912</u>
3. <u>HIBERNIA NATIONAL BANK</u>	<u>DEBT SERVICE</u>	<u>50,160</u>
4. _____	_____	_____
Total		\$ <u>2,529,840</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 balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury	\$ _____
Petty cash	\$ <u>30</u>

2. INVESTMENTS NONE

The Lake Borgne Basin Levee District does maintain investment accounts as authorized by R.S. 39:1229 (Note legal provisions authorizing investments by District.

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. 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.

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

<u>Rating</u>	<u>Fair Value</u>
_____	\$ _____
_____	_____
_____	_____
_____	_____
Total	\$ _____

B. Interest rate Risk

1. Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years for each debt investment type.

<u>Type of Debt Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>Greater Than 10</u>
U.S. Government obligations	\$ NONE	\$ _____	\$ _____	\$ _____	\$ _____
U.S. Agency obligations	_____	_____	_____	_____	_____
U.S. Treasury obligations	_____	_____	_____	_____	_____
Mortgage backed securities	_____	_____	_____	_____	_____
Collateralized mortgage obligations	_____	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____	_____
Other bonds	_____	_____	_____	_____	_____
Mutual funds	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____
Total debt investments	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

2. List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (e.g. coupon multipliers, reset dates, etc.):

<u>Debt Investment</u>	<u>Fair Value</u>	<u>Terms</u>
NONE	\$ _____	_____
_____	_____	_____
_____	_____	_____
Total	\$ _____	

C. Concentration of Credit Risk

List, by amount and issuer, investments in any one issuer (not including U.S. government securities, mutual funds, and external investment pools) that represents 5% or more of total investments.

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<u>Issuer</u>	<u>Amount</u>	<u>% of Total Investments</u>
NONE	\$ _____	_____
_____	_____	_____
_____	_____	_____
Total	\$ _____	_____

D. Foreign Currency Risk

Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies); list by currency denomination and investment type, if applicable.

<u>Foreign Currency</u>	<u>Fair Value in U.S. Dollars</u>	
	<u>Bonds</u>	<u>Stocks</u>
NONE	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
Total	\$ _____	\$ _____

5. Policies

Briefly describe the deposit and/or investment policies related to the custodial credit risk, credit risk of debt investments, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact.

Invest only in bank certificates of deposit.

6. Other Disclosures Required for Investments NONE

- a. Investments in pools managed by other governments or mutual funds _____
- b. Securities underlying reverse repurchase agreements _____
- c. Unrealized investment losses _____
- d. Commitments as of _____ (fiscal close), to resell securities under yield maintenance repurchase agreements:
 - 1. Carrying amount and market value at June 30 of securities to be resold _____
 - 2. Description of the terms of the agreement _____

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- e. Losses during the year due to default by counterparties to deposit or investment transactions None
- f. Amounts recovered from prior-period losses which are not shown separately on the balance sheet None

Legal or Contractual Provisions for Reverse Repurchase Agreements

- g. Source of legal or contractual authorization for use of reverse repurchase agreements N/A
- h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year N/A

Reverse Repurchase Agreements as of Year-End None

- i. Credit risk related to the reverse repurchase agreements (other than yield maintenance agreements) outstanding at year end, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest _____
- j. Commitments on _____ (fiscal close) to repurchase securities under yield maintenance agreements _____
- k. Market value on _____ (fiscal close) of the securities to be repurchased _____
- l. Description of the terms of the agreements to repurchase _____
- m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements _____
- n. Amounts recovered from prior-period losses which are not separately shown on the operating statement _____

Fair Value Disclosures None

- o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices _____
- p. Basis for determining which investments, if any, are reported at amortized cost _____
- q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool _____
- r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares _____
- s. Any involuntary participation in an external investment pool _____

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t. If you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining fair value and the reasons for having had to make such an estimate _____

u. Any income from investments associated with one fund that is assigned to another fund _____

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 balance sheet 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. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight-line method over the useful lives of the assets.

	Balance 6/30/2005	Period Adjustment	Balance 7/1/2005	Additions	Transfers*	Retirements	Balance 6/30/2006
Capital assets not being depreciated							
Land	\$ 256,954	\$ -	\$ 256,954	\$ -	\$ -	\$ -	\$ 256,954
Non-depreciable land improvements	-	-	-	-	-	-	-
Capitalized collections	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Total capital assets not being depreciated	\$ 256,954	\$ -	\$ 256,954	\$ -	\$ -	\$ -	\$ 256,954
Other capital assets							
Furniture, fixtures, and equipment	\$ 1,420,971	\$ -	\$ 1,420,971	\$ 253,808	\$ -	\$ (691,174)	\$ 983,605
Less accumulated depreciation	(1,245,789)	-	(1,245,789)	(91,477)	-	643,088	(694,179)
Total furniture, fixtures, and equipment	175,182	-	175,182	162,331	-	(48,086)	289,426
Buildings and improvements	244,827	-	244,827	25,494	-	(244,827)	25,494
Less accumulated depreciation	(17,039)	-	(17,039)	(3,569)	-	18,059	(2,549)
Total buildings and improvements	227,788	-	227,788	21,925	-	(226,768)	22,945
Depreciable land improvements	-	-	-	-	-	-	-
Less accumulated depreciation	-	-	-	-	-	-	-
Total depreciable land improvements	-	-	-	-	-	-	-
Infrastructure	27,373,483	-	27,373,483	-	-	-	27,373,483
Less accumulated depreciation	(10,975,261)	-	(10,975,261)	(661,120)	-	-	(11,636,381)
Total infrastructure	16,398,222	-	16,398,222	(661,120)	-	-	15,737,102
Total other capital assets	\$ 16,801,172	\$ -	\$ 16,801,172	\$ (468,864)	\$ -	\$ (274,854)	\$ 16,059,464
Capital Asset Summary:							
Capital assets not being depreciated	\$ 256,954	\$ -	\$ 256,954	\$ -	\$ -	\$ -	\$ 256,954
Other capital assets, at cost	29,039,261	-	29,039,261	279,302	-	(936,001)	28,382,562
Total cost of capital assets	29,296,215	-	29,296,215	279,302	-	(936,001)	28,639,516
Less accumulated depreciation	(12,238,089)	-	(12,238,089)	(746,166)	-	661,147	(12,323,048)
Capital assets, net	\$ 17,058,126	\$ -	\$ 17,058,126	\$ (468,864)	\$ -	\$ (274,854)	\$ 16,316,414

* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.

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E. INVENTORIES

The District's inventories are valued at average cost method of valuation. These are perpetual inventories and are expensed when used. **NOTE: DO NOT INCLUDE POSTAGE. THIS IS SHOWN AS A PREPAYMENT.**

F. RESTRICTED ASSETS No restricted assets

G. LEAVE

1. COMPENSATED ABSENCES

The Lake Borgne Basin Levee Districts has the following policy on annual and sick leave: (Describe leave policy.)

Employees 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. The liability for accrued payable annual leave at June 30, 2006 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be **\$117,509**.

2. COMPENSATORY LEAVE NONE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at _____ (fiscal close) computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$ _____. The leave payable (is) (is not) recorded in the accompanying financial statements.

H. RETIREMENT SYSTEM

Substantially all of the employees of the District 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 participation in the DBP beginning July 1, 2006.

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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 2005 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. That 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) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and is also available on-line at: [http://www.lasers.state.la.us/PDFs/Publications and Reports/Fiscal Documents/Comprehensive Financial Reports/Comprehensive%20Financial%20Reports_05.pdf](http://www.lasers.state.la.us/PDFs/Publications%20and%20Reports/Fiscal%20Documents/Comprehensive%20Financial%20Reports/Comprehensive%20Financial%20Reports_05.pdf)

Members are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% of gross salary, and 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, 2006, increased to 19.1% of annual covered payroll from the 17.8% and 15.8% required in fiscal years ended June 30, 2005 and 2004 respectively. The District's contributions to the System for the years ending June 30, 2006, 2005, and 2004, were \$169,369, \$183,849, and \$157,185, respectively, equal to the required contributions for each year.

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

GASB 12 requires the following disclosures about an employer's accounting for post retirement health care and life insurance benefits: **(NOTE: Ensure that the number of retirees is disclosed below)**

1. A description of the benefits provided and the employee group covered.
2. A description of the accounting and funding policies followed for those benefits.
3. The cost of those benefits recognized for the period, unless the costs are not readily determinable.*
4. The effect of significant matters affecting the comparability of the costs recognized for all periods presented.

*If the cost of any post retirement health care or life insurance benefits for retirees cannot readily be separated from the cost of providing such benefits for active employees or otherwise be reasonably approximated, the total cost of providing those benefits to active employees and retirees, as well as the number of active employees and the number of retirees covered by the plan must be disclosed (part (b) below).

The Lake Borgne Basin District provides certain continuing health care and life insurance benefits for its retired employees. Substantially all District's employees become eligible for post employment health care and life insurance benefits if they reach normal retirement age while working for the District. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the District. Complete (a) below if the cost of retiree post-employment health care benefits can be separated from active employees, otherwise complete part (b).

a) For 2006, the cost of providing those benefits for the nine retirees and one surviving spouse totaled \$62,106.

b) The (BTA) recognizes the cost of providing these benefits (BTA's portion of premiums) as an expenditure when paid during the year, which was \$_____ for the year ended _____, 20____. The cost of providing those benefits for _____ retirees (# of retirees) is not separable from the cost of providing benefits for the _____ active employees (# of active employees).

STATE OF LOUISIANA
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J. LEASES NONE

NOTE: Where five-year amounts are requested, list the total amount (sum) for the five-year period, not the annual amount for each of the five years.

1. OPERATING LEASES NONE

The total payments for operating leases during fiscal year _____ amounted to \$_____. (Note: If lease payments extend past FY 2021, create additional columns and report these future minimum lease payments in five year increments.) A schedule of payments for operating leases follows:

<u>Nature of lease</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012- 2016</u>	<u>FY 2017- 2021</u>
NONE	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

2. CAPITAL LEASES NONE

Capital leases are / are not recognized in the accompanying financial statements. The amounts to be accrued for capital leases and the disclosures required for capital and operating leases by National Council on Governmental Accounting (NCGA) Statement No. 5, as adopted by the Governmental Accounting Standards Board, and FASB 13 should be reported on the following schedules:

Capital leases are defined as an arrangement in which any one of the following conditions apply: (1) ownership transfers by the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life or, (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

Schedule A should be used to report all capital leases including new leases in effect as of 6/30/06. In **Schedule B**, report only those new leases entered into during fiscal year 2005-2006.

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Notes to the Financial Statement
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SCHEDULE A – TOTAL AGENCY CAPITAL LEASES EXCEPT LEAF

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining Interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ <u>NONE</u>	\$ <u> </u>	\$ <u> </u>
b. Equipment	<u>NONE</u>	<u> </u>	<u> </u>
c. Land	<u>NONE</u>	<u> </u>	<u> </u>
Total	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: (Note: If lease payments extend past FY2026, create additional rows and report these future minimum lease payments in five year increments.)

<u>Year ending June 30 :</u>	<u>Total</u>
	<u>NONE</u>
2007	\$ <u> </u>
2008	<u> </u>
2009	<u> </u>
2010	<u> </u>
2011	<u> </u>
2012-2016	<u> </u>
2017-2021	<u> </u>
2022-2026	<u> </u>
Total minimum lease payments	<u> -</u>
Less amounts representing executory costs	<u> </u>
Net minimum lease payments	<u> -</u>
Less amounts representing interest	<u> </u>

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SCHEDULE B – NEW AGENCY CAPITAL LEASES EXCEPT LEAF

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ NONE	\$ _____	\$ _____
b. Equipment	NONE	_____	_____
c. Land	NONE	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: (Note: If lease payments extend past FY2026, create additional rows and report these future minimum lease payments in five year increments.)

<u>Year ending June 30:</u>	<u>Total</u>
2007	\$ NONE
2008	NONE
2009	NONE
2010	NONE
2011	NONE
2012-2016	NONE
2017-2021	NONE
2022-2026	NONE
Total minimum lease payments	-
Less amounts representing executory costs	_____
Net minimum lease payments	-
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____ -

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SCHEDULE C - LEAF CAPITAL LEASES

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ NONE	\$ _____	\$ _____
b. Equipment	NONE	_____	_____
c. Land	NONE	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: **(Note: If lease payments extend past FY2026, create additional rows and report these future minimum lease payments in five year increments.)**

<u>Year ending June 30:</u>	<u>Total</u>
2007	\$ NONE
2008	NONE
2009	NONE
2010	NONE
2011	NONE
2012-2016	NONE
2017-2021	NONE
2022-2026	NONE
Total minimum lease payments	-
Less amounts representing executory costs	
Net minimum lease payments	-
Less amounts representing interest	
Present value of net minimum lease payments	\$ -

3. LESSOR DIRECT FINANCING LEASES

A lease is classified as a direct financing lease (1) when any one of the four capitalization criteria used to define a capital lease for the lessee is met and (2) when both the following criteria are satisfied:

- Collectibility of the minimum lease payments is reasonably predictable.
- No important uncertainties surround the amount of the unreimbursable costs yet to be incurred by the lessor under the lease.

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Provide a general description of the direct financing agreement and complete the chart below:

<u>Composition of lease</u>	<u>Date of lease</u>	<u>Minimum lease payment receivable</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	NONE	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____	_____
c. Land	_____	_____	_____	_____
Less amounts representing executory costs		_____		
Minimum lease payment receivable		_____ -		
Less allowance for doubtful accounts		_____		
Net minimum lease payments receivable		_____ -		
Less estimated residual value of leased property		_____		
Less unearned income		_____		
Net investment in direct financing lease		\$ _____ -		

Minimum lease payment receivables do not include contingent rentals which may be received as stipulated in the lease contracts. Contingent rental payments occur if, for example, the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2006 were \$ _____ for office space, \$ _____ for equipment, and \$ _____ for land.

The following is a schedule by year of minimum leases receivable for the remaining fiscal years of the lease as of _____ (the last day of your fiscal year): (Note: If lease receivables extend past FY2026, please create additional rows and report these future minimum lease payment receivables in five year increments.)

Year ending _____:	
2007	\$ NONE _____
2008	NONE _____
2009	NONE _____
2010	NONE _____
2011	NONE _____
2012-2016	NONE _____
2017-2021	NONE _____
2022-2026	NONE _____
Total	\$ _____ -

4. LESSOR – OPERATING LEASE

When a lease agreement does not satisfy at least one of the four criteria (common to both lessee and lessor accounting), and both of the criteria for a lessor (collectibility and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.

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Provide the cost and carrying amount, if different, of property on lease or held for lease organized by major class of property and the amount of accumulated depreciation as of _____ 20__:

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Carrying amount</u>
a. Office space	\$ NONE	\$ _____	\$ _____
b. Equipment	NONE	_____	_____
c. Land	NONE	_____	_____
Total	\$ _____	\$ _____	\$ _____

The following is a schedule by years of minimum future rentals receivable on non-cancelable operating lease(s) as of _____ (the last day of your fiscal year): (Note: If lease receivables extend past FY2021, please create additional columns and report these future minimum lease payment receivables in five year increments.)

Year Ended June 30,	Office Space	Equipment	Land	Other	Total
2007	\$ NONE	\$ NONE	\$ NONE	\$ NONE	NONE
2008	NONE	NONE	NONE	NONE	NONE
2009	NONE	NONE	NONE	NONE	NONE
2010	NONE	NONE	NONE	NONE	NONE
2011	NONE	NONE	NONE	NONE	NONE
2012-2016	NONE	NONE	NONE	NONE	NONE
2017-2021	NONE	NONE	NONE	NONE	NONE
Total	\$ _____	\$ _____	\$ _____	\$ _____	NONE

Current year lease revenues received in fiscal year _____ totaled \$ _____.

Contingent rentals received from operating leases received for your fiscal year was \$ _____ for office space, \$ _____ for equipment, and \$ _____ for land.

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 20__:
(Balances at June 30th should include current and non-current portion of long-term liabilities.)

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	<u>Year ended June 30, 2006</u>				
	Balance June 30, 2005	Additions	Reductions	Balance June 30, 2006	Amounts due within one year
Notes and bonds payable:					
Notes payable	\$	\$	\$	\$	-- \$
Reimbursement contracts payable					--
Bonds payable	2,445,000		580,000	1,865,000	600,000
Total notes and bonds	<u>2,445,000</u>	<u>--</u>	<u>580,000</u>	<u>1,865,000</u>	<u>600,000</u>
Other liabilities:					
Contracts payable					--
Compensated absences payable	123,052	72,579	78,122	117,509	
Capital lease obligations					--
Claims and litigation					--
Liabilities payable from restricted assets					--
Other long-term liabilities					--
Total other liabilities	<u>123,052</u>	<u>72,579</u>	<u>78,122</u>	<u>117,509</u>	<u>--</u>
Total long-term liabilities	\$ <u>2,568,052</u>	\$ <u>72,579</u>	\$ <u>658,122</u>	\$ <u>1,982,509</u>	\$ <u>600,000</u>

(Send OSRAP a copy of the amortization schedule for any new debt issued.)

L. CONTINGENT LIABILITIES NONE

GAAP require that the notes to the financial statements disclose any situation where there is at least a reasonable possibility that assets have been impaired or that a liability has been incurred along with the dollar amount if it can reasonably be estimated. Do not report Impaired capital assets as defined by GASB 42 below, rather disclose GASB 42 impaired capital assets in Note CC. Losses or ending litigation that is probable should be reflected on the balance sheet.

The Lake Borgne Basin Levee District is a defendant in litigation seeking damages as follows: (Only list litigation not being handled by the Office of Risk Management or the Attorney General.)

Date of Action	Probable outcome (Remote, reasonably possible, or probable)	*Damages Claimed	Insurance Coverage
06/13/03	MBK LLC	300,000 to 600,000	YES
Totals		\$ 300,000 to 600,000	\$ -

*Note: Liability for claims and judgments should include should include specific, incremental claim expenses if known or if it can be estimated. For example, the cost of outside legal assistance on a particular claim may be an incremental cost, whereas assistance from internal legal staff on a claim may not be incremental because the salary costs for internal staff normally will be incurred regardless of the claim. (See GASB 30, paragraph 9)

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Claims and litigation costs of \$0 (include incremental cost discussed above) were incurred in the current year and are reflected in the accompanying financial statement.

Disclose any cases where it is probable that a liability has been incurred, but the effect of the liability has not been reflected in the financial statements because it can not be estimated.

Disclose any guarantee of indebtedness even if there is only a remote chance that the government will be called on to honor its guarantee.

M. RELATED PARTY TRANSACTIONS NONE

FASB 57 requires disclosure of the description of the relationship, the transaction(s), the dollar amount of the transaction(s) and any amounts due to or from which result from related party transactions. List all related party transactions.

N. ACCOUNTING CHANGES NONE

Accounting changes made during the year involved a change in accounting _____ (principle, estimate or entity). The effect of the change is being shown in _____.

O. IN-KIND CONTRIBUTIONS NONE

List all in-kind contributions that are not included in the accompanying financial statements.

<u>In-Kind Contributions</u>	<u>Cost/Estimated Cost/Fair Market Value/As Determined by the Grantor</u>
_____	\$ _____
_____	_____
_____	_____
_____	_____
Total	\$ _____

P. DEFEASED ISSUES NONE

In _____, 20____, the _____ (BTA), issued \$ _____ of taxable bonds. The purpose of the issue was to provide monies to advance refund portions of _____ bonds. In order to refund the bonds, portions of the proceeds of the new issue \$ _____, plus an additional \$ _____ of sinking fund monies together with certain other funds and/or securities, were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated _____ between the (BTA) and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due. The refunding resulted in reducing the total debt service payments by almost \$ _____ and gave the (BTA) an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$ _____.

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

Q. COOPERATIVE ENDEAVORS

LRS 33:9022 defines cooperative endeavors as any form of economic development assistance between and among the state of Louisiana, its local governmental subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The state of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the state.

Some cooperative endeavor contracts are not coded with a document type of "COP" on the Contract Financial Management Subsystem (CFMS), but are considered cooperative endeavors. Include these below with your cooperative endeavor contracts coded with a document type of "COP". Examples of contracts that are considered cooperative endeavors, but are not coded with a document type of "COP" include contracts that fall under delegated authority, Facility Planning and Control "CEA" contracts, certain federal government contracts, contracts that legislative auditors may have designated as such within your agency, work incumbent programs, etc. In prior years, this information was requested as supplemental documentation after the AFRs were submitted, usually in October or November.

The liability outstanding for fiscal year ending June 30, 2006, by funding source, is as follows:

<u>Funding Source</u>	<u>Balance June 30, 2006</u>
State General Fund(REGGIO) \$	433,948
Self-generated revenue	_____
Statutorily dedicated revenue	_____
General obligation bonds	_____
Federal funds	_____
Interagency transfers	_____
Other funds/combination	_____
Total	\$ _____

NOTE: Amounts in excess of contract limits **cannot** be used to reduce the outstanding contract balance at June 30, 2006. For example, if a contract specifies a percentage of usage for each month (25%) and usage exceeds that percentage (75%), you cannot claim actual usage that exceeds contract requirements (50%).

NOTE: In order to compute ending balances by funding source, you should begin with your balances at June 30, 2005. These amounts will be increased by amounts for new contracts and amendments and decreased for payments and liquidations.

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) NONE

The following government-mandated nonexchange transactions (grants) were received during fiscal year 2005-2006:

<u>CFDA Number</u>	<u>Program Name</u>	<u>State Match Percentage</u>	<u>Total Amount of Grant</u>
NONE			\$ _____
NONE			_____
NONE			_____
NONE			_____
NONE			_____
NONE			_____
NONE			_____
NONE			_____
NONE			_____
Total government-mandated nonexchange transactions (grants)			\$ _____ -

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS NONE

At June 30, 20__, the _____ (BTA) was not in compliance with the provisions of _____ Bond Reserve Covenant that requires _____. The _____ (BTA) did _____ to correct this deficiency.

T. SHORT-TERM DEBT NONE

The _____ (BTA) issues short-term notes for the following purpose(s) _____.

Short-term debt activity for the year ended June 30, 20__, was as follows: NONE

<u>List the type of Short-term debt (e.g., tax anticipation notes)</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
_____	\$ _____	\$ _____	\$ _____	\$ _____ -

The _____ (BTA) uses a revolving line of credit for the following to finance _____ (list purpose for the S-T debt).
Short-term debt activity for the year ended June 30, 20__, was as follows:

	<u>Beginning Balance</u>	<u>Draws</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Line of credit	\$ _____	\$ _____	\$ _____	\$ _____ -

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2006, were as follows:

Fund	Customer		Receivables		Total
	Receivables	Taxes	from other Governments	Other Receivables	
Ad Valorem Tax Rec.	\$ -	\$ 2,528,875	\$ -	\$ -	\$ 2,528,875
Workers' Com. Divident				11,105	11,105
Gross receivables	\$ -	\$ 2,528,875	\$ -	\$ 11,105	\$ 2,539,980
Less allowance for uncollectible accounts	-	-	-	-	-
Receivables, net	\$ -	\$ 2,528,875	\$ -	\$ 11,105	\$ 2,539,980
Amounts not scheduled for collection during the subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2006, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
GENERAL OPERATIONS	\$ 1,329	\$ 22,290	\$ 21,369	\$ -	\$ 44,988
Total payables	\$ 1,329	\$ 22,290	\$ 21,369	\$ -	\$ 44,988

W. SUBSEQUENT EVENTS NONE

Disclose any material event(s) affecting the (BTA) occurring between the close of the fiscal period and issuance of the financial statement.

X. SEGMENT INFORMATION NONE

Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. For purposes of this disclosure, a segment is an identifiable activity (or group of activities), reported as or within an enterprise fund or another stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. This requirement for separate accounting applies if imposed by an external party, such as accounting and reporting requirements set forth in bond indentures. Disclosure requirements for each segment should be met by identifying the types of goods and services provided and by presenting condensed financial statements in the notes, including the elements in A through C below (GASB 34, paragraph 122, as modified by GASB 37, paragraph 17.)

Type of goods or services provided by the segment _____

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

A. Condensed balance sheet: N/A

- (1) Total assets – distinguishing between current assets, capital assets, and other assets. Amounts receivable from other funds or BTA's should be reported separately.
- (2) Total liabilities – distinguishing between current and long-term amounts. Amounts payable to other funds or BTA's should be reported separately.
- (3) Total net assets – distinguishing among restricted (separately reporting expendable and nonexpendable components); unrestricted; and amounts invested in capital assets, net of related debt.

Condensed Balance sheet:

	<u>Segment #1</u>	<u>Segment #2</u>
Current assets	\$ _____	\$ _____
Due from other funds	_____	_____
Capital assets	_____	_____
Other assets	_____	_____
Current liabilities	_____	_____
Due to other funds	_____	_____
Long-term liabilities	_____	_____
Restricted net assets	_____	_____
Unrestricted net assets	_____	_____
Invested in capital assets, net of related debt	_____	_____

B. Condensed statement of revenues, expenses, and changes in net assets:

- (1) Operating revenues (by major source).
- (2) Operating expenses. Depreciation (including any amortization) should be identified separately.
- (3) Operating income (loss).
- (4) Nonoperating revenues (expenses) – with separate reporting of major revenues and expenses.
- (5) Capital contributions and additions to permanent and term endowments.
- (6) Special and extraordinary items.
- (7) Transfers
- (8) Change in net assets.
- (9) Beginning net assets.
- (10) Ending net assets.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets:

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

	<u>Segment #1</u>	<u>Segment #2</u>
Operating revenues	\$ _____	\$ _____
Operating expenses	_____	_____
Depreciation and amortization	_____	_____
Operating income (loss)	-	-
Nonoperating revenues (expenses)	_____	_____
Capital contributions/additions to permanent and term endowments	_____	_____
Special and extraordinary items	_____	_____
Transfers in	_____	_____
Transfers out	_____	_____
Change in net assets	-	-
Beginning net assets	_____	_____
Ending net assets	-	-

C. Condensed statement of cash flows:

- (1) Net cash provided (used) by:
 - (a) Operating activities
 - (b) Noncapital financing activities
 - (c) Capital and related financing activities
 - (d) Investing activities
- (2) Beginning cash and cash equivalent balances
- (3) Ending cash and cash equivalent balances

Condensed Statement of Cash Flows:

	<u>Segment #1</u>	<u>Segment #2</u>
Net cash provided (used) by operating activities	\$ _____	\$ _____
Net cash provided (used) by noncapital financing activities	_____	_____
Net cash provided (used) by capital and related financing activities	_____	_____
Net cash provided (used) by investing activities	_____	_____
Beginning cash and cash equivalent balances	_____	_____
Ending cash and cash equivalent balances	-	-

Y. DUE TO/DUE FROM AND TRANSFERS

- 1. List by fund type the amounts due from other funds detailed by individual fund at fiscal year end: (Types of funds include general fund, statutory dedicated funds, discrete component unit funds, etc).

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
GENERAL OPERATING FUND	GENERAL FUND	\$102,472
_____	_____	_____
Total due from other funds		\$102,472

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

2. List by fund type the amounts due to other funds detailed by individual fund at fiscal year end:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
<u>DEBT SERVICE FUND</u>	<u>DEBT SERVICE</u>	<u>\$102,472</u>
_____	_____	_____
_____	_____	_____
Total due to other funds		<u>\$102,472</u>

3. List by fund type all transfers from other funds for the fiscal year: NONE

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers from other funds		\$ _____

4. List by fund type all transfers to other funds for the fiscal year: NONE

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers to other funds		\$ _____

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS NONE

Liabilities payable from restricted assets in the _____ (BTA) at _____ (fiscal year end), reflected at \$ _____ in the current liabilities section on Statement A, consist of \$ _____ in accounts payable, \$ _____ in notes payable, and \$ _____ in _____.

Liabilities payable from restricted assets in the _____ (BTA) at _____ (fiscal year end), reflected at \$ _____ in the non-current liabilities section on Statement A, consist of \$ _____ in accounts payable, \$ _____ in notes payable, and \$ _____ in _____.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS NONE

The following adjustments were made to restate beginning net assets for June 30, 20__.
Each adjustment must be explained in detail on a separate sheet.

<u>Ending net assets</u> <u>July 1, 2005,</u> <u>previously reported</u>	<u>Adjustments</u> <u>+ or (-)</u>	<u>Beginning net</u> <u>assets, July 1, 2005,</u> <u>as restated</u>
_____	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(NOTE: Net Assets at July 1, 20__, previously reported, must correspond to Net Assets at June 30, 20__, per the information received from OSRAP.)

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46) NONE

Of the total net assets reported on Statement A at June 30, 2006, \$0 are restricted by enabling legislation (which includes a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation). Refer to Appendix C for more details on the determination of the amount to be reported as required by GASB Statement 46.

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

CC. IMPAIRMENT OF CAPITAL ASSETS

GASB 42 establishes accounting and financial reporting standards for the impairment of capital assets. Governments are required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment has occurred. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. See Appendix D for more information on GASB 42 and the Impairment of Capital Assets.

The following capital assets are considered impaired: (There are five indicators of impairment described in Appendix D, (1) physical damage, (2) enactment of laws, etc. List the appropriate number (1-5) to identify the indicator of impairment in the second to last column below.)

<u>Type of asset</u>	<u>Amount of Impairment Loss</u>	<u>Indication of Impairment</u>	<u>Insurance Recovery in the same FY</u>	<u>Reason for Impairment (e.g. hurricane)</u>
Buildings	<u>244,827</u>	<u>PHYSICAL DAM.</u>	<u>262,384</u>	<u>HURRICANE KATRINA</u>
Movable Property	<u>691,175</u>	<u>PHYSICAL DAM.</u>	<u>17,795</u>	<u>HURRICANE KATRINA</u>
Infrastructure	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The carrying amount of impaired capital assets that are idle at year-end should be disclosed, regardless of whether the impairment is considered permanent or temporary. The following capital assets were idle at the end of the fiscal year. (Include the capital assets listed above that were idle at the end of the fiscal year.)

<u>Type of asset</u>	<u>Carrying Value</u>
Buildings	<u>\$ NONE</u>
Movable Property	<u>\$ NONE</u>
Infrastructure	<u>\$ NONE</u>

DD. EMPLOYEE TERMINATION BENEFITS NONE

Termination benefits are benefits, other than salaries and wages that are provided by employers as settlement for involuntary terminations initiated by management, or as an incentive for voluntary terminations initiated by employees. Involuntary termination benefits include benefits such as payment for unused leave balances. Voluntary termination benefits include benefits such as enhanced early retirement options resulting from an approved early retirement plan and payment for unused leave balances. Other termination benefits may include:

1. Early retirement incentives, such as cash payments, enhancement to defined benefit formula
2. Health care coverage when none would otherwise be provided (COBRA)
3. Compensated absences, including payments for leave balances
4. Payments due to early release from employment contracts

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

GASB 47 requires the following disclosures about an employer's accounting for employee termination benefits.

1. A description of the termination benefit arrangement(s)
2. Period the employer becomes obligated
3. Number of employees affected
4. Cost of termination benefits
5. Type of benefit(s) provided
6. The period of time over which the benefits are expected to be provided
7. If the termination benefit affects the defined benefit pension (OPEB) obligations, disclose the change in the actuarial accrued liability for the pension or OPEB plan attributable to the termination benefit
8. When termination liabilities are reported, disclose the significant methods and assumptions used to determine the liabilities to be disclosed (for as long as the liability is reported)

The GASB 47 note disclosures listed below are provided as an example and should be modified as necessary.

Substantially all employees are eligible for termination benefits upon separation from the state. The agency recognizes the cost of providing these benefits as expenditures when paid during the year. For 2006, the cost of providing those benefits for _____ (number of) voluntary terminations totaled \$_____. For 2006, the cost of providing those benefits for _____ (number of) involuntary terminations totaled \$_____. [The termination benefits (voluntary and involuntary) paid in FY 2006 should also be included in the Statement of Revenues, Expenses, and Changes in Fund Net Assets on the account line "Administrative" in the Operating Expense Section.]

The liability for the accrued voluntary terminations benefits payable at June 30, _____ is \$_____. This liability consists of _____ (number of) voluntary terminations. The liability for the accrued involuntary terminations benefits payable at June 30, _____ is \$_____. This liability consists of _____ (number of) involuntary terminations.

[The termination benefits (voluntary and involuntary) payable at fiscal year end should also be included on the Balance Sheet in the "compensated absences payable" account line.]

If a termination benefit is not recognized because the expected benefits are not estimable, the employer should disclose that fact. Briefly describe termination benefits provided to employees as discussed above. If none, please state that fact.

A terminated employee can continue to access health benefits, however, if the COBRA participant is paying the ENTIRE premium then there is no state contribution on behalf of this individual. Therefore, when a terminated employee pays 100% of the premium, the state would not have a termination liability.

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
SCHEDULE OF STATE FUNDING
For the Year Ended June 30, 2006
(Fiscal Close)**

<u>Description of Funding</u>	<u>Amount</u>
1. <u>State of Louisiana Revenue Sharing</u>	<u>\$ 163,000</u>
2. <u>Dept. of Natural Resources</u>	<u>1,936</u>
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
9. _____	_____
10. _____	_____
Total	\$ <u>164,936</u>

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE
June 30, 2006
(Fiscal Close)**

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
NONE		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____
Total		\$ _____	\$ _____	\$ _____	\$ _____		NONE

*Send copies of new amortization schedules

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
SCHEDULE OF NOTES PAYABLE
June 30, 2006
(Fiscal close)**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/05	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
	NONE						
NONE				—			
				—			
				—			
				—			
				—			
				—			
				—			
				—			
				—			
				—			
				—			
				—			NONE
Total				—			

*Send copies of new amortization schedules

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
SCHEDULE OF REIMBURSEMENT CON
TRACTS PAYABLE AMORTIZATION
For The Year Ended June 30, 2006
(Fiscal Close)**

<u>Fiscal Year</u> <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ NONE	\$
2008		
2009		
2010		
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
Total	\$ --	\$ NONE

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended June 30, 2006**

Fiscal Year Ending:	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2007	\$ <u>NONE</u>	\$ _____	\$ _____	\$ <u>NONE</u>
2008	_____	_____	_____	--
2009	_____	_____	_____	--
2010	_____	_____	_____	--
2011	_____	_____	_____	--
2012-2016	_____	_____	_____	--
2017-2021	_____	_____	_____	--
2022-2026	_____	_____	_____	--
2027-2031	_____	_____	_____	--
Total	\$ <u>NONE</u>	\$ <u> --</u>	\$ <u> -</u>	\$ <u>NONE</u>

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
SCHEDULE OF NOTES PAYABLE AMORTIZATION
For the Year Ended June 30, 2006**

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2007	\$ <u>NONE</u>	\$ _____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012-2016	_____	_____
2017-2021	_____	_____
2022-2026	_____	_____
2027-2031	_____	_____
Total	\$ <u> -- </u>	\$ <u>NONE</u>

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
SCHEDULE OF BONDS PAYABLE AMORTIZATION
For The Year Ended June 30, 2006**

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2007	\$ 600,000	\$ 51,288
2008	625,000	34,788
2009	640,000	17,600
2010		
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
Total	\$ 1,865,000.00	\$ 103,676.00

SCHEDULE 4-D

STATE OF LOUISIANA

LAKE BORGNE BASIN LEVEE DISTRICT

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 \$1 million, explain the reason for the change.

	<u>2006</u>	<u>2005</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 3,727,428	\$ 4,090,271	\$ (362,843)	\$ (.09)
Expenses	3,633,534	3,615,100	18,434	.01
2) Capital assets	28,382,562	29,039,261	(656,699)	(.02)
Long-term debt	1,865,000	2,445,000	(580,000)	(.24)
Net Assets	19,554,242	19,460,348	93,894	(.00)

Explanation for change: _____

