

2007

**FIFTH LOUISIANA LEVEE DISTRICT
TALLULAH, LOUISIANA
STATE OF LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

**AS OF JUNE 30, 2011
AND FOR THE YEAR THEN ENDED**

**WITH
INDEPENDENT AUDITOR'S REPORT**

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 NOV 02 2011



SILAS SIMMONS LLP
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT**

**Annual Financial Statements
As of and for the Year Ended June 30, 2011
With Supplemental Information Schedules**

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**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT**

**Annual Financial Statements
As of and for the Year Ended June 30, 2011
With Supplemental Information Schedules**

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Fifth Louisiana Levee District
Tallulah, Louisiana

We have audited the accompanying financial statements of the governmental activities, major funds, and the aggregate remaining fund information of the Fifth Louisiana Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, major funds, and the aggregate remaining fund information of the Fifth Louisiana Levee District, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 15, 2011, on our consideration of the Fifth Louisiana Levee District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, on pages 4 through 7 and pages 26 and 29, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fifth Louisiana Levee District's basic financial statements. The accompanying supplementary information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Annual Financial Statement Reporting Packet, presented as supplementary information, is not a required part of the basic financial statements, but is supplementary information required by Louisiana's Office of Statewide Reporting and Accounting Policy. This 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 financial statements taken as a whole.

Silas Simmons, LLP

Natchez, Mississippi
August 15, 2011

Section I
REQUIRED SUPPLEMENTAL INFORMATION

Management's Discussion and Analysis

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2011**

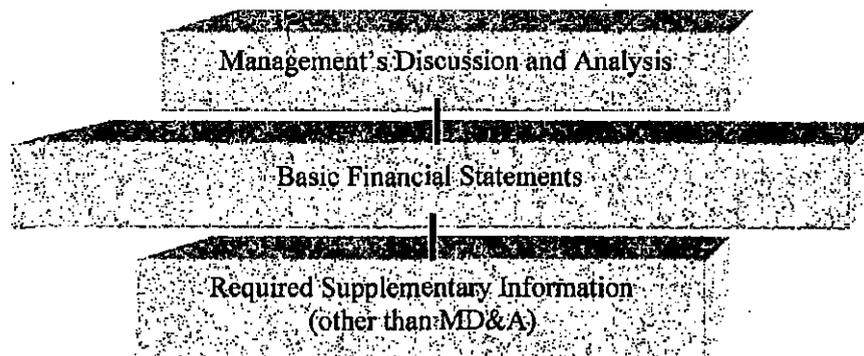
The Management's Discussion and Analysis of the Fifth Louisiana Levee District's Business-Type Activities (BTA) financial performance presents a narrative overview and analysis of Fifth Louisiana Levee District's (BTA) financial activities for the year ended June 30, 2011. This document focuses on the 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 Fifth Louisiana Levee District's (BTA) financial statements, which begin on page 47.

FINANCIAL HIGHLIGHTS

- ★ The Fifth Louisiana Levee District's (BTA) assets exceeded its liabilities at the close of fiscal year 2011 and 2010 by \$1,981,184 and \$2,007,111, respectively.
- ★ The Fifth Louisiana Levee District's (BTA) net increase (decrease) in net activities for 2011 and 2010 was \$(25,927) and \$140,244, respectively.

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 No. 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 Fifth Louisiana Levee District (BTA) as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance Sheet; the Statement of Revenues, Expenses, and Changes in Fund Balance; and the Statement of Cash Flows.

The Balance Sheet (page 12) 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 Fifth Louisiana Levee District's (BTA) is improving or deteriorating.

The Statement of Revenues, Expenditures, and Changes in Fund Balance (page 14) presents information showing how Fifth Louisiana Levee District's (BTA) 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
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2011**

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets
as of June 30, 2011 and 2010

	Total	
	2011	2010
Current and other assets	\$ 1,163,298	\$ 1,587,316
Capital assets	1,169,841	859,637
Total assets	2,333,139	2,446,953
Current liabilities	\$ 119,955	\$ 165,844
Long-term liabilities	232,000	273,998
Total liabilities	351,955	439,842
Net assets:		
Invested in capital assets, net of debt	1,048,678	630,871
Restricted for land acquisition	-	367,000
Unrestricted	932,506	1,009,240
Total net assets	\$ 1,981,184	\$ 2,007,111

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.

Statement of Revenues, Expenses, and Changes in Fund Net Assets
for the years ended June 30, 2011 and 2010

	2011	2010
Operating revenues	\$ 2,933,779	\$ 2,473,358
Operating expenses	2,959,706	2,333,114
Net increase in net assets	\$ (25,927)	\$ 140,244

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2011**

The Fifth Louisiana Levee District's (BTA) total revenues increased by \$460,421 or 2%. The total cost of all programs and services increased by \$626,592 or 2%. These increases are entirely related to the cost of rights-of-way acquired and reimbursements from state and federal governments for these costs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the Fifth Louisiana Levee District (BTA) had \$1,169,841 invested in a broad range of capital assets. This amount represents a net decrease (including additions and deductions) of \$310,204, or 3%, over last year.

Capital Assets at Year End
(Net of Depreciation)

	2011	2010
Land	\$ 426,814	\$ 58,735
Buildings and improvements	254,615	262,350
Equipment	488,412	538,552
Totals	\$ 1,169,841	\$ 859,637

This year's additions included:

Bush hog cutters (2)	\$ 36,206
Air compressor	2,300
400 acres land	368,076
2003 Chevrolet Tahoe	13,200
2004 Chevrolet 1500	13,800
2009 AM General cargo truck	10,000
Total additions	\$ 443,582

Debt

The Fifth Louisiana Levee District (BTA) had \$121,163 in capital leases outstanding at year-end, compared to \$228,766 last year. A summary of capital lease transactions is as follows:

	2011	2010
Capital leases at beginning of year	\$ 228,766	\$ 330,358
Additions	-	-
Reductions	(107,603)	(101,592)
Capital leases at end of year	\$ 121,163	\$ 228,766

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2011**

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

The budget was amended once during the year with the following changes:

	Original	Final	Change
Revenues	\$ 1,351,944	\$ 2,864,198	\$ 1,512,254
Expenditures	1,351,936	3,063,702	1,711,766
Excess (deficit)	<u>\$ 8</u>	<u>\$ (199,504)</u>	<u>\$ (199,512)</u>

The amendments were primarily due to changes in right-of-way costs and reimbursements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Fifth Louisiana Levee District's (BTA) appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Continued assistance from the State of Louisiana
- Changes in property tax revenues
- No increase in flood protection expenses.

The District has received \$142,500 to \$250,000 in assistance from the State of Louisiana annually for many years. This assistance was discontinued in 2010 and in 2011 was reinstated, but the District only received \$25,000. These funds are used for operations of the District. The District has advised the State of Louisiana that in the event of a major flood, the District will very likely not have enough cash to fund the flood fight. The flood could come as quickly as a break in the levee and cash would need to be available to immediately remedy the flooding of many Louisiana parishes. The damages of a levee break could easily be greater than the damage to Louisiana from Katrina.

Indications from the State of Louisiana are that the annual funding will continue to be deleted from future Louisiana budgets. In the event that this funding continues to be deleted, we believe that the State of Louisiana is putting itself at great risk from immense damages.

During the August 11, 2010, meeting, the District did not approve the acreage property tax.

CONTACTING THE FIFTH LOUISIANA LEVEE DISTRICT'S (BTA) MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Fifth Louisiana Levee District's (BTA) finances and to show the Fifth Louisiana Levee District's (BTA) accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jason Trichell at 102 Burnside Drive, Tallulah, LA 71282. (318-574-2206)

**SECTION II
GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

Statement A

<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,075,666
Cash - reserved	-
Accounts receivable	87,632
Capital assets, net of depreciation	<u>1,169,841</u>
Total assets	\$ <u>2,333,139</u>
 <u>LIABILITIES</u> 	
Accounts payable	\$ 31,423
Accrued payroll and payroll taxes	11,388
Compensated absences	58,121
Capital lease obligations - current portion	77,144
Capital lease obligations - long-term	44,019
Net OPEB obligation	<u>129,860</u>
Total liabilities	\$ <u>351,955</u>
 <u>NET ASSETS</u> 	
Investment in capital assets, net of related debt	\$ 1,048,678
Reserved for land acquisition	-
Unrestricted - unassigned	<u>932,506</u>
Total net assets	\$ <u>1,981,184</u>

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

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Statement B

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
General Government:				
Personal services	\$ 599,788	\$ -	\$ -	\$ (599,788)
Travel	8,993	-	-	(8,993)
Right-of-way costs	1,541,511	-	1,560,195	18,684
Operating services	520,250	400	-	(519,850)
Supplies	106,210	-	-	(106,210)
Professional services	41,554	-	-	(41,554)
Depreciation	133,378	-	-	(133,378)
Interest expense	8,022	-	-	(8,022)
Total General Government	\$ 2,959,706	\$ 400	\$ 1,560,195	\$ (1,399,111)
General revenues:				
Taxes				\$ 1,154,550
State appropriations				25,000
State revenue sharing				47,891
Interest income				9,842
Royalties, leases, land, and timber sales				131,568
Miscellaneous				4,333
Total general revenues				\$ 1,373,184
Change in net assets				\$ (25,927)
Net assets, beginning of year				<u>2,007,111</u>
Net assets, end of year				<u>\$ 1,981,184</u>

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

**SECTION III
FUND FINANCIAL STATEMENTS**

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
BALANCE SHEET (GOVERNMENTAL FUNDS)
AS OF JUNE 30, 2011**

Statement C

<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,075,666
Accounts receivable	87,632
Total assets	<u>\$ 1,163,298</u>
 <u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	\$ 31,423
Accrued payroll and payroll taxes	11,388
Total liabilities	<u>\$ 42,811</u>
Fund balances	
Unrestricted - unassigned	\$ 1,120,487
Total fund balances	<u>\$ 1,120,487</u>
Total liabilities and fund balances	<u>\$ 1,163,298</u>

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

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE FINANCIAL STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

Statement D

Total fund balances (Statement C)

Total Net Assets reported for governmental activities in
the statement of net assets is different because:

\$ 1,120,487

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

Land	\$	426,814	
Building improvements, net of \$98,511 accumulated depreciation		254,615	
Furniture, fixtures, and equipment, net of \$1,467,435 accumulated depreciation		488,412	
Total capital assets		1,169,841	1,169,841

Long-term liabilities, including compensated absences
payable, are not due and payable in the current period
and therefore are not reported in the fund liabilities.

(179,284)

Net OPEB obligation payable

(129,860)

Net assets (Statement A)

\$ 1,981,184

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

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
AS OF JUNE 30, 2011**

Statement E

REVENUES:

Taxes	\$ 1,154,550
State revenue sharing	47,891
Interest income	9,842
Royalties, leases, and timber sales	131,568
Right-of-way reimbursements - State	1,560,195
Right-of-way reimbursements - Federal	-
Miscellaneous	29,733
Total revenues	\$ 2,933,779

EXPENDITURES:

General government	
Personal services	\$ 599,716
Travel	8,993
Right-of-way costs	1,541,511
Operating services	493,198
Supplies	106,210
Professional services	41,554
Debt service:	
Lease principal	107,603
Interest expense	8,022
Capital outlay	443,582
Total expenditures	\$ 3,350,389

Excess of Revenues Over Expenditures	\$ (416,610)
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Fund Balance, Beginning of year	1,537,097
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Fund Balance, End of year	\$ 1,120,487
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The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
AS OF JUNE 30, 2011**

Statement F

Net change in fund balances (Statement E)	\$	(416,610)
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The change in net assets reported for governmental activities in the statement of activities is different because:

Principal payments on capital leases are reported as expenditures in governmental funds.		107,603
--	--	---------

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 depreciation (\$133,378) does not exceed capital outlay \$443,582.		310,204
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Expenditures in statement of activities that do not involve current financial resources:

Accrued compensation absences		(46)
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Net OPEB obligation		<u>(27,078)</u>
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Change in net assets (Statement B)	\$	<u>(25,927)</u>
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The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

INTRODUCTION

1. The Fifth Louisiana Levee District is a component unit of the State of Louisiana created by the Louisiana State Legislature under provisions of Louisiana Revised Statute 38:219 (E).
2. The District provides flood protection primarily from the Mississippi River.
3. The District is composed of eight commissioners appointed by the Governor of the State of Louisiana. The President is paid \$1,000 per month. The remaining commissioners are reimbursed for their travel expenses.
4. The District covers the Parishes of East Carroll, Madison, Tensas, and Concordia.
5. The population served is approximately 47,800.
6. The District employs 16 people.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Fifth Louisiana Levee District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, royalties, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

The Fifth Louisiana Levee District reports the following governmental fund:

The General Fund is the entity's primary operating fund. It accounts for all financial resources of the entity. The District has no proprietary or other fund types.

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the District.

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The District is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the Governor appoints the majority of commissioners and can impose his will upon the District. The accompanying financial statements present information only as to the transactions of the Fifth Louisiana Levee District, a component unit of the State of Louisiana. Annually, the State of Louisiana issues basic financial statements, which include the activity contained in the accompanying financial statements.

C. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Fifth Louisiana Levee District's investment policy allow the District to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

D. Receivables and Payables

All accounts receivable are shown net of an allowance for uncollectives. Uncollectable accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available that would indicate the uncollectibility of the particular receivable. At June 30, 2011, there were no receivables deemed uncollectible.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Taxes due for:			
Levee maintenance and operations	5.0	3.86	Permanent
Levee maintenance and operations	\$.05 per acre	None	Permanent

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

The following are the principal taxpayers and related property tax revenue for the entity:

Taxpayer	Type of Business	Assessed Valuation	% of Total Assessed Valuation	Ad Valorem Tax Revenue for District
Catalyst Old River	Power plant	\$ 35,581,680	11.00%	\$ 135,046
			%	
			%	
			%	
Total		\$ 35,581,680	11.00%	\$ 135,046

E. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Restricted Assets

The District does not have any restricted cash.

G. Capital Assets

Capital assets, which include property, plant, and equipment, are included on the Statement of Net Assets and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the District is charged as an expense against operations. Accumulated depreciation is reported on the statement of net assets. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Expenditures for maintenance, repairs, and minor renewals are charged to earnings as incurred.

No salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated for financial reporting purposes using the straight-line method over the following useful lives of the assets:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	40 years
Furniture and fixtures	5 years
Vehicles	5 - 10 years
Equipment	5 - 20 years

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

H. Compensated Absences

The Fifth Louisiana Levee District has the following policy relating to vacation and sick leave:

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

I. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or statement of net assets.

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The Fifth Louisiana Levee District uses the following budget practices:

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

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 Budget Committee, 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 include the original appropriation plus subsequent amendments.

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 3 – CASH AND CASH EQUIVALENTS

At June 30, 2011, the Fifth Louisiana Levee District has cash and cash equivalents (book balances) totaling \$1,075,666 as follows:

Demand deposits	\$	325,666
Time deposits		<u>750,000</u>
Total		<u><u>\$ 1,075,666</u></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 fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2011, the District has \$1,086,491 in deposits (collected bank balances). These deposits are secured from risk by \$850,000 of federal deposit insurance and \$236,491 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

NOTE 4 – ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable:

Class of receivable		
Ad valorem taxes	\$	3,790
Right-of-way reimbursements		48,318
Other		35,524
Less allowance for bad debts		-
Total	<u>\$</u>	<u>87,632</u>

NOTE 5 – CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2011, for the primary government is as follows:

	Balance 6/30/2010	Additions	Retirements	Balance 6/30/2011
Capital assets, not being depreciated				
Land	\$ <u>58,738</u>	\$ <u>368,076</u>	\$ -	\$ <u>426,814</u>
Capital assets being depreciated				
Furniture, fixtures, and equipment	\$ 1,880,341	\$ 75,506	\$ -	\$ 1,955,847
Less accumulated depreciation	<u>(1,341,793)</u>	<u>(125,642)</u>	-	<u>(1,467,435)</u>
Total furniture, fixtures, and equipment	\$ <u>538,548</u>	\$ <u>(50,136)</u>	\$ -	\$ <u>488,412</u>
Buildings and improvements	\$ 353,126	\$ -	\$ -	\$ 355,126
Less accumulated depreciation	<u>(90,775)</u>	<u>(7,736)</u>	-	<u>(98,511)</u>
Total buildings and improvements	\$ <u>262,351</u>	\$ <u>(7,736)</u>	\$ -	\$ <u>254,615</u>

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

	Balance 6/30/2010	Additions	Retirements	Balance 6/30/2011
Total capital assets being depreciated	\$ 800,899	\$ (57,872)	\$ -	\$ 743,027
Total capital assets, net	\$ 859,637	\$ 310,204	\$ -	\$ 1,169,841

NOTE 6 – ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$42,811 at June 30, 2011, are as follows:

Accounts	\$ 31,423
Withholdings	2,115
Salaries	<u>9,273</u>
 Total	 <u>\$ 42,811</u>

NOTE 7 – LEASES

The District records items under capital leases as an asset and an obligation in the accompanying financial statements.

The gross amount of assets recorded under capital leases is \$759,613 and accumulated depreciation is \$442,670. Capital leases at June 30, 2011, were as follows:

Nature of lease	Date of lease	Remaining interest to end of lease	Remaining principal to end of lease
Equipment	1/20/2005	\$ 232	\$ 15,886
Equipment	1/29/2009	5,112	77,105
Equipment	2/2/2009	483	28,172
		<u>\$ 5,827</u>	<u>\$ 121,163</u>

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 June 30, 2011:

Year ending June 30:	
2012	\$ 81,059
2013	34,759
2014	<u>11,172</u>
Total minimum lease payments	\$ 126,990
Less amounts representing interest	<u>(5,827)</u>
Present value of minimum lease payments	<u>\$ 121,163</u>

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 8 – LONG-TERM LIABILITIES

The following is a summary of the long-term debt transactions of the entity for the year ended June 30, 2011:

	Balance 6/30/2010	Additions	Reductions	Balance 6/30/2011	Amounts due within one year
Other liabilities					
Compensated absences payable	\$ 58,075	\$ 46	\$ -	\$ 58,121	\$ 58,121
Capital lease obligations	228,766	-	107,603	121,163	77,144
Net OPEB obligation	102,782	27,078	-	129,860	-
Total long-term liabilities	<u>\$ 389,623</u>	<u>\$ 27,124</u>	<u>\$ 107,603</u>	<u>\$ 309,144</u>	<u>\$ 135,265</u>

NOTE 9 – RETIREMENT SYSTEMS

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

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

Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended 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 State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225)922-0608 or (800)256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and the 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, 2011, was 22% of annual covered payroll. The District's contribution to the System for the year ending June 30, 2011, was \$27,192.

NOTE 10 – OTHER POST RETIREMENT BENEFITS (OPEB)

Effective for the year ended June 30, 2010, the Fifth Louisiana Levee District implemented Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions (GASB 45).

Plan Description – Employees of the District voluntarily participate in the State of Louisiana's health insurance plan. The Office of Group Benefits provides medical and life insurance benefits to eligible retirees and their beneficiaries. Participants are eligible for retiree benefits if they meet the retirement eligibility as defined in the applicable retirement system and they must be covered by the active medical plan immediately prior to retirement. The post employment benefits plan is a cost-sharing, multiple-employer, defined benefit plan, but is classified as an agent multiple-employer plan.

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

for financial reporting purposes since the plan is not administered as a formal trust. R.S. 42:801-883 provides the authority to establish and amend benefit provisions of the plan. Premiums are collected and benefits are paid as they come due in accordance with an agreement between the employers and plan members, and their beneficiaries. As of June 30, 2011, there were eight participants in the plan. The Office of Group Benefits does not issue a public Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's web site at www.doa.la.gov/osrap.

Funding Policy – The contribution requirements of plan members may be amended by R.S. 42:801-883. Employees do not contribute to their post employment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. The Office of Group Benefits offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) plan, the BC/BS HMO plan, and the Medical Home HMO (HMO) plan. Retired employees who have Medicare Part A and Part B coverage also have access to the following OGB Medicare Advantage plans (see below):

- Humana PPO
- Humana HMO
- Peoples Health HMO
- Vantage HMO
- Secure Horizons/UHC PPO

Employees hired before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65 pay approximately 25% of the active employee cost). Employees hired on or after January 1, 2002, pay a percentage of the total contribution rate upon retirement based on the following schedule:

<u>Service</u>	<u>Employer Contribution Percentage</u>	<u>Employee Contribution Percentage</u>
Under 10 years	19%	81%
10-14 years	38%	62%
15-19 years	56%	44%
20+ years	75%	25%

Total Premium Rates are as follows:

	<u>PPO</u>	<u>BC/BS HMO</u>
<u>Active</u>		
Single	\$ 558.64	\$ 527.76
<u>Retired Without Medicare & Re-Employed Retiree</u>		
Single	\$ 1039.28	\$ 985.00
With Spouse	\$ 1835.20	\$ 1739.24
<u>Retired with 1 Medicare</u>		
Single	\$ 337.96	\$ 325.88
With Spouse	\$ 1248.72	\$ 1190.92

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

<u>Retired with 2 Medicare</u>	<u>PPO</u>	<u>BC/BS HMO</u>
With Spouse	\$ 607.48	\$ 631.72

All members who retire on or after July 1, 1997, must have Medicare Parts A and B in order to qualify for the reduced premium rates.

Retiree pays 50 cents for each \$1,000 of life insurance.

Retiree pays 88 cents for each \$1,000 of spouse life insurance.

Annual Other Post Employment Benefit Cost and Liability – The Annual Required Contribution (ARC) represents a level of funding that, if paid on an ongoing basis is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. Effective July 1, 2008, the District implemented GASB 45 prospectively which requires reporting on an accrual basis the liability associated with other post employment benefits and the OPEB liability at transition was zero. The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation at the end of the year were as follows:

Annual Required Contribution	\$ 32,100
Interest on OPEB obligation	4,111
Adjustment to ARC	(3,928)
Annual OPEB cost	<u>32,283</u>
Contributions made	<u>(5,205)</u>
Increase in net OPEB obligation	\$ 27,078
Net OPEB obligation - beginning of year	<u>102,782</u>
Net OPEB obligation - end of year	<u>\$ 129,860</u>
Percentage of Annual OPEB Cost Contributed	16.12%

Using the pay-as-you-go method, the District contributed 16.12% of the annual post employment benefits cost during 2011. As of June 30, 2011, the District had four active participants.

Funded Status and Funding Progress – As of July 1, 2010, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$303,900, which was unfunded. The covered payroll was \$130,100, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 383.94%. As of June 30, 2011, the District did not have an OPEB trust.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the July 1, 2010, Office of Group Benefits actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return and initial annual healthcare cost trend rate of 9% and 10.1% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The unfunded actuarial accrued liability is being amortized using the level percentage of projected payroll amortization method on an open basis. The remaining amortization period at June 30, 2011, was thirty years.

NOTE 11 – RISK MANAGEMENT

The Fifth Louisiana 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. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District.

NOTE 12 – LITIGATION

The District is exposed to one lawsuit involving damages for the expropriation of land adjacent to the Mississippi River in Concordia Parish. An offer has been made by the District to compensate the plaintiffs for 82.367 acres of land. The offer has not been accepted and the actual amount of the liability is unknown. When the amount of the liability is determined, then the State of Louisiana will reimburse the District for the actual amount paid.

SECTION IV
REQUIRED SUPPLEMENTAL INFORMATION
Schedule of Funding Progress of the OPEB Plan

The schedule of funding progress is required supplementary information that presents certain specific data regarding the funding progress of the OPEB plan, including the unfunded actuarial accrued liability.

FIFTH LOUISIANA LEVEE DISTRICT
SCHEDULE OF FUNDING PROGRESS OF
THE OPEB PLAN
FISCAL YEAR ENDED JUNE 30, 2011

Schedule 1

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Cost (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
7/1/2008	NONE	\$ 614,400	\$ 614,400	0.00%	\$ 183,100	335.55%
7/1/2009	NONE	\$ 408,900	\$ 408,900	0.00%	\$ 106,500	383.94%
7/1/2010	NONE	\$ 303,900	\$ 303,900	0.00%	\$ 130,100	233.59%

Note to the Schedule:

GASB Statement 45 was implemented prospectively during the fiscal year ended June 30, 2009.

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual Amounts Budgetary	Variance Favorable
	Original	Final	Basis	(Unfavorable)
REVENUES:				
Taxes	\$ 1,031,000	\$ 1,153,866	\$ 1,153,866	\$ -
State appropriations	-	-	-	-
State revenue sharing	55,000	47,891	47,891	-
Interest income	25,100	10,128	14,218	4,090
Royalties, leases, land, and timber sales	90,644	131,568	131,568	-
Right-of-way reimbursements	-	1,520,244	1,520,245	1
Miscellaneous	150,200	501	642	141
Total revenues	\$ 1,351,944	\$ 2,864,198	\$ 2,868,430	\$ 4,232
EXPENDITURES:				
General government				
Personal services	\$ 488,574	\$ 593,522	\$ 599,716	\$ (6,194)
Travel	21,700	15,480	8,993	6,487
Right-of-way costs	-	1,353,652	1,541,511	(187,859)
Operating services	491,897	761,922	500,606	261,316
Supplies	127,000	107,028	106,210	818
Professional services	37,100	40,967	41,554	(587)
Debt service				
Lease principal payments	115,625	107,603	107,603	-
Interest payments	12,540	8,022	8,022	-
Capital outlay	57,500	75,506	443,582	(368,076)
Total expenditures	\$ 1,351,936	\$ 3,063,702	\$ 3,357,797	\$ (294,095)
Excess of revenues over expenditures	\$ 8	\$ (199,504)	\$ (489,367)	\$ (289,863)
Fund balance, beginning of year	1,565,033	1,565,033	1,565,033	-
Fund balance, end of year	\$ 1,565,041	\$ 1,365,529	\$ 1,075,666	\$ (289,863)

See Independent Auditor's Report.

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule

1. Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the cash basis, and variances between the final budget and the actual data.

2. Budget/GAAP Reconciliation

The major differences between the budgetary basis and the GAAP basis are:

- a. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- b. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles net change in fund balances on the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major special revenue fund:

Net change budget basis	\$ (489,367)
Increase:	
Net adjustments for revenue accruals	65,349
Net adjustments for expenditure accruals	<u>7,408</u>
Net change GAAP basis	<u>\$ (416,610)</u>

SECTION V
ADDITIONAL REQUIRED SUPPLEMENTAL SCHEDULES

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2011**

<u>NAME</u>	<u>AMOUNT</u>
Jack M. Varner, Jr.	\$ 742
Sam Hill	945
J. Pat Mabray, Jr.	877
James E. Kelly, Sr.	1,823
Barry Maxwell	2,025
Scott Tiffie	607
Philip Brown	540
	<u>\$ 7,559</u>

Board President, Reynold Minsky, draws \$12,000 per year as salary.

See Independent Auditor's Report.

**SECTION VI
OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**



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

Board of Commissioners
Fifth Louisiana Levee District
Tallulah, Louisiana

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fifth Louisiana Levee District as of and for the year ended June 30, 2011, which collectively comprise the Fifth Louisiana Levee District's basic financial statements, and have issued our report thereon dated August 15, 2011. 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 Fifth Louisiana Levee District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fifth Louisiana Levee District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fifth Louisiana Levee District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent and detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fifth Louisiana 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2011-1.

This report is intended for the information and use of management of the Fifth Louisiana Levee District and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Silas Simmons, LLP

Natchez, Mississippi
August 15, 2011

SCHEDULE OF FINDINGS

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT**

**Current Year Findings, Recommendations, and Corrective Action Plan
Year Ended June 30, 2011**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- | | |
|--|---------------|
| 1. Type of auditors' report issued on the financial statements: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| 3. Material noncompliance relating to the financial statements? | Yes |

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT**

**Supplemental Information Schedules
June 30, 2011
Status of Prior Year Audit Findings
For the Year Ended June 30, 2010**

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
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Section I – Internal Control and Compliance Not Material to the Financial Statements:

None

Section II – Internal Control and Compliance Material to Federal Awards:

None

Section III – Management Letter:

None

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT**

**Supplemental Information Schedules
Status of Current Year Findings, Recommendations, and Corrective Action Plan
For the Year Ended June 30, 2011**

Ref. No.	Description of Finding	Corrective Action Planned	Name(s) of Contact Person(s)	Anticipated Completion Date
Section I - Internal Control and Compliance Material to the Financial Statements:				
2011-1	<u>Budget Law Violation</u> We noted the District had budgeted expenditures of \$3,063,702 and actual expenditures of \$3,357,797. The variance was 8% in excess of the budgeted amount. Louisiana Revised Statute 39:1311 requires expenditures to be within 5% of the amount budgeted.	The District will correct this finding.	Jason Trichell	6/30/2012

Section II - Internal Control and Compliance Material to Federal Awards:

None

Section III - Management Letter:

None

DIVISION OF ADMINISTRATION REPORTING PACKAGE

**FIFTH LOUISIANA LEVEE DISTRICT
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2011**

C O N T E N T S

AFFIDAVIT

Statements

MD&A

Balance Sheet

A

Statement of Revenues, Expenses, and Changes in Fund Net Assets

B

Statement of Activities

C

Statement of Cash Flows

D

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STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ended June 30, 2011

FIFTH LOUISIANA LEVEE DISTRICT
103 BURNSIDE DRIVE
TALLULAH, LOUISIANA 71282

(Agency Name & Mailing Address)

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

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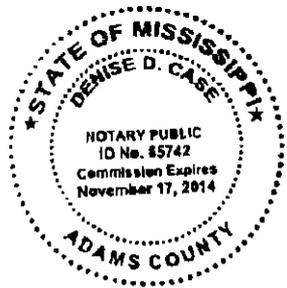
AFFIDAVIT

Personally came and appeared before the undersigned authority, BARRY MAXWELL (Name)
(Title) of FIFTH LOUISIANA LEVEE DISTRICT (Agency) who duly sworn, deposes and says, that the financial
statements herewith given present fairly the financial position of FIFTH LOUISIANA LEVEE DISTRICT (agency) at June
30, 2011 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 18th day of
August, 2011.

Barry L. Maxwell
Signature of Agency Official

W. D. Cole
NOTARY PUBLIC

Prepared by: MYLES HOPKINS
Title: CERTIFIED PUBLIC ACCOUNTANT
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Date: 8/18/11
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**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2011**

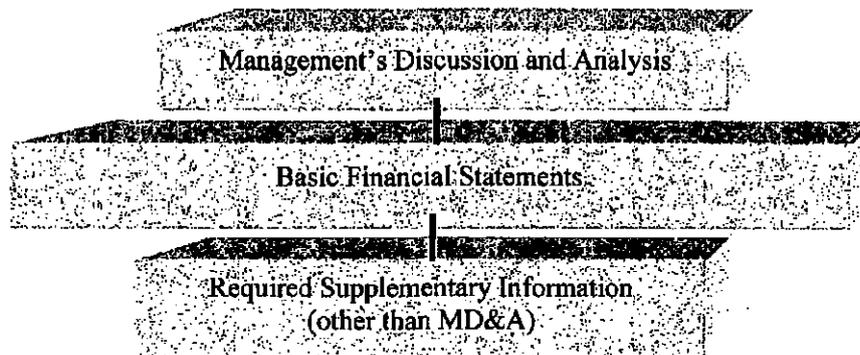
The Management's Discussion and Analysis of the Fifth Louisiana Levee District's Business-Type Activities (BTA) financial performance presents a narrative overview and analysis of Fifth Louisiana Levee District's (BTA) financial activities for the year ended June 30, 2011. This document focuses on the 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 Fifth Louisiana Levee District's (BTA) financial statements, which begin on page 47.

FINANCIAL HIGHLIGHTS

- ★ The Fifth Louisiana Levee District's (BTA) assets exceeded its liabilities at the close of fiscal year 2011 and 2010 by \$1,981,184 and \$2,007,111, respectively.
- ★ The Fifth Louisiana Levee District's (BTA) net increase (decrease) in net activities for 2011 and 2010 was \$(25,927) and \$140,244, respectively.

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 No. 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 Fifth Louisiana Levee District (BTA) as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance Sheet; the Statement of Revenues, Expenses, and Changes in Fund Balance; and the Statement of Cash Flows.

The Balance Sheet (page 12) 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 Fifth Louisiana Levee District's (BTA) is improving or deteriorating.

The Statement of Revenues, Expenditures, and Changes in Fund Balance (page 14) presents information showing how Fifth Louisiana Levee District's (BTA) 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
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2011**

The Statement of Cash Flows (pages 50-51) presents information showing how Fifth Louisiana Levee District's (BTA) cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets
as of June 30, 2011 and 2010

	Total	
	2011	2010
Current and other assets	\$ 1,163,298	\$ 1,587,316
Capital assets	1,169,841	859,637
Total assets	<u>2,333,139</u>	<u>2,446,953</u>
Current liabilities	\$ 119,955	\$ 165,844
Long-term liabilities	232,000	273,998
Total liabilities	<u>351,955</u>	<u>439,842</u>
Net assets:		
Invested in capital assets, net of debt	1,048,678	630,871
Restricted for land acquisition	-	367,000
Unrestricted	932,506	1,009,240
Total net assets	<u>\$ 1,981,184</u>	<u>\$ 2,007,111</u>

Statement of Revenues, Expenses, and Changes in Fund Net Assets
for the years ended June 30, 2011 and 2010

	2011	2010
Operating revenues	\$ 2,933,779	\$ 2,473,358
Operating expenses	<u>2,959,706</u>	<u>2,333,114</u>
Net increase in net assets	<u>\$ (25,927)</u>	<u>\$ 140,244</u>

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.

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2011**

The Fifth Louisiana Levee District's (BTA) total revenues increased by \$460,421 or 2%. The total cost of all programs and services increased by \$626,592 or 2%. These increases are entirely related to the cost of rights-of-way acquired and reimbursements from state and federal governments for these costs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the Fifth Louisiana Levee District (BTA) had \$1,169,841 invested in a broad range of capital assets. This amount represents a net decrease (including additions and deductions) of \$310,204, or 3%, over last year.

**Capital Assets at Year End
(Net of Depreciation)**

	2011	2010
Land	\$ 426,814	\$ 58,735
Buildings and improvements	254,615	262,350
Equipment	488,412	538,552
Totals	\$ 1,169,841	\$ 859,637

This year's additions included:

Bush hog cutters (2)	\$ 36,208
Air compressor	2,300
400 acres land	368,076
2003 Chevrolet Tahoe	13,200
2004 Chevrolet 1500	13,800
2009 AM General cargo truck	10,000
Total additions	\$ 443,582

Debt

The Fifth Louisiana Levee District (BTA) had \$121,163 in capital leases outstanding at year-end, compared to \$228,766 last year. A summary of capital lease transactions is as follows:

	2011	2010
Capital leases at beginning of year	\$ 228,766	\$ 330,358
Additions	-	-
Reductions	(107,603)	(101,592)
Capital leases at end of year	\$ 121,163	\$ 228,766

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2011**

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

The budget was amended once during the year with the following changes:

	Original	Final	Change
Revenues	\$ 1,351,944	\$ 2,864,198	\$ 1,512,254
Expenditures	1,351,936	3,063,702	1,711,766
Excess (deficit)	<u>\$ 8</u>	<u>\$ (199,504)</u>	<u>\$ (199,512)</u>

The amendments were primarily due to changes in right-of-way costs and reimbursements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Fifth Louisiana Levee District's (BTA) appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Continued assistance from the State of Louisiana
- Changes in property tax revenues
- No increase in flood protection expenses.

The District has received \$142,500 to \$250,000 in assistance from the State of Louisiana annually for many years. This assistance was discontinued in 2010 and in 2011 was reinstated, but the District only received \$25,000. These funds are used for operations of the District. The District has advised the State of Louisiana that in the event of a major flood, the District will very likely not have enough cash to fund the flood fight. The flood could come as quickly as a break in the levee and cash would need to be available to immediately remedy the flooding of many Louisiana parishes. The damages of a levee break could easily be greater than the damage to Louisiana from Katrina.

Indications from the State of Louisiana are that the annual funding will continue to be deleted from future Louisiana budgets. In the event that this funding continues to be deleted, we believe that the State of Louisiana is putting itself at great risk from immense damages.

During the August 11, 2010, meeting, the District did not approve the acreage property tax.

CONTACTING THE FIFTH LOUISIANA LEVEE DISTRICT'S (BTA) MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Fifth Louisiana Levee District's (BTA) finances and to show the Fifth Louisiana Levee District's (BTA) accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jason Trichell at 102 Burnside Drive, Tallulah, LA 71282. (318-574-2206)

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
BALANCE SHEET
AS OF JUNE 30, 2011**

ASSETS	STATEMENT A
CURRENT ASSETS:	
Cash and cash equivalents	\$ 1,075,868
Restricted cash and cash equivalents	-
Investments	-
Derivative Instrument	-
Deferred outflow of resources	-
Receivables (net of allowance for doubtful accounts) (Note U)	87,632
Due from other funds (Note Y)	-
Due from federal government	-
Inventories	-
Prepayments	-
Notes receivable	-
Other current assets	-
Total current assets	<u>1,183,298</u>
NONCURRENT ASSETS:	
Restricted assets (Note F):	
Cash	-
Investments	-
Receivables	-
Investments	-
Notes receivable	-
Capital assets net of depreciation (Note D):	
Land and nondepreciable easements	426,814
Buildings and improvements	254,615
Machinery and equipment	488,412
Infrastructure	-
Intangible assets	-
Construction/development in progress	-
Other noncurrent assets	-
Total noncurrent assets	<u>1,169,841</u>
Total assets	<u>\$ 2,333,139</u>
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable and accruals (Note V)	\$ 42,811
Derivative Instrument	-
Deferred inflow of resources	-
Due to other funds (Note Y)	-
Due to federal government	-
Deferred revenues	-
Amounts held in custody for others	-
Other current liabilities	-
Current portion of long-term liabilities: (Note K)	-
Contracts payable	-
Compensated absences payable	-
Capital lease obligations	-
Claims and litigation payable	-
Notes payable	-
Pollution remediation obligation	77,144
Bonds payable	-
Other long-term liabilities	-
Total current liabilities	<u>119,955</u>
NONCURRENT LIABILITIES: (Note K)	
Contracts payable	-
Compensated absences payable	58,121
Capital lease obligations	44,019
Claims and litigation payable	-
Notes payable	-
Pollution remediation obligation	-
Bonds payable	-
OPEB payable	129,860
Other long-term liabilities	-
Total noncurrent liabilities	<u>232,000</u>
Total liabilities	<u>351,955</u>
NET ASSETS	
Invested in capital assets, net of related debt	<u>1,048,678</u>
Restricted for:	
Capital projects	-
Debt service	-
Unemployment compensation	-
Other specific purposes	-
Unrestricted	<u>932,508</u>
Total net assets	<u>1,981,184</u>
Total liabilities and net assets	<u>\$ 2,333,139</u>

See Independent Auditor's Report.

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011**

		<u>STATEMENT B</u>
OPERATING REVENUES		
Sales of commodities and services	\$	-
Assessments		-
Use of money and property		-
Licenses, permits, and fees		400
Other		-
Total operating revenues	\$	400
OPERATING EXPENSES		
Cost of sales and services	\$	2,776,752
Administrative		41,554
Depreciation		133,378
Amortization		-
Total operating expenses	\$	2,951,684
Operating income (loss)	\$	(2,951,284)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	\$	1,608,086
Intergovernmental revenues (expenses)		-
Taxes		1,154,550
Use of money and property		141,410
Gain on disposal of fixed assets		-
Loss on disposal of fixed assets		-
Federal grants		-
Interest expense		(8,022)
Other revenue		29,333
Other expense		-
Total nonoperating revenues (expenses)	\$	2,925,357
Income (loss) before contributions and transfers	\$	(25,927)
Capital contributions	\$	-
Extraordinary item - Loss on impairment of capital assets		-
Transfers in		-
Transfers out		-
Change in net assets	\$	(25,927)
Total net assets - beginning		2,007,111
Total net assets - ending	\$	1,981,184

See Independent Auditor's Report.

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

STATEMENT C

	<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>	<u>Capital Grants and Contributions</u>	
Entity	<u>\$ 2,959,706</u>	<u>\$ 400</u>	<u>\$ 1,691,763</u>	<u>\$ -</u>
General revenues:				
Taxes				\$ 1,154,550
State appropriations				47,891
Grants and contributions not restricted to specific programs				-
Interest				9,842
Miscellaneous				29,333
Special items				-
Extraordinary item - Loss on impairment of capital assets				-
Transfers				-
Total general revenues, special items, and transfers				<u>\$ 1,241,616</u>
Change in net assets				<u>\$ (25,927)</u>
Net assets - beginning				<u>2,007,111</u>
Net assets - ending				<u>\$ 1,981,184</u>

See Independent Auditor's Report.

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011**

STATEMENT D

Cash flows from operating activities		
Cash received from customers.	\$	400
Cash payments to suppliers for goods and services		(2,198,828)
Cash payments to employees for services		(599,762)
Payments in lieu of taxes		-
Internal activity-payments to other funds		-
Claims paid to outsiders		-
Other operating revenues (expenses)		-
Net cash provided (used) by operating activities		<u>\$ (2,798,190)</u>
Cash flows from noncapital financing activities		
State appropriations	\$	1,538,360
Federal receipts		-
Federal disbursements		-
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		-
Operating grants received		-
Transfers in		-
Transfers out		-
Other		<u>1,315,451</u>
Net cash provided (used) by noncapital financing activities		<u>2,853,811</u>
Cash flows from capital and related financing activities		
Proceeds from sale of bonds	\$	-
Principal paid on bonds		-
Interest paid on bond maturities		-
Proceeds from issuance of notes payable		-
Principal paid on notes payable		(107,603)
Interest paid on notes payable		(8,022)
Acquisition/construction of capital assets		(443,582)
Proceeds from sale of capital assets		-
Capital contributions		-
Other		-
Net cash provided (used) by capital and related financing activities		<u>\$ (599,207)</u>
Cash flows from investing activities		
Purchases of investment securities	\$	-
Proceeds from sale of investment securities		-
Interest and dividends earned on investment securities		<u>14,219</u>
Net cash provided (used) by investing activities		<u>\$ 14,219</u>
Net increase in cash and cash equivalents		<u>\$ (489,367)</u>
Cash and cash equivalents at beginning of year		<u>\$ 1,565,033</u>
Cash and cash equivalents at end of year		<u><u>\$ 1,075,666</u></u>

See Independent Auditor's Report.

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

INTRODUCTION

The Fifth Louisiana Levee District (BTA) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38:219(E). The following is a brief description of the operations of Fifth Louisiana Levee District (BTA) which includes the parish/parishes in which the (BTA) is located: East Carroll, Madison, Tensas, and Concordia.

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 Fifth Louisiana Levee District present information only as to the transactions of the programs of the Fifth Louisiana 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 Fifth Louisiana 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 Fifth Louisiana Levee District (BTA) are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Committee on the Budget, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.

See Independent Auditor's Report.

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

4. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

	<u>APPROPRIATIONS</u>
Original approved budget	\$ 1,351,936
Amendments	1,711,766
Final approved budget	\$ 3,063,702

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits 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 No. 40, which amended GASB Statement No. 3, eliminated the requirement to disclose all deposits by the three categories of risk. GASB Statement No. 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.

See Independent Auditor's Report.

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

The deposits at June 30, 2011, consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Deposits per Balance Sheet (Recorded bank balance)	\$ 325,666	\$ 750,000	\$ -	\$ 1,075,666
Deposits in bank accounts per bank	\$ 336,491	\$ 750,000	\$ -	\$ 1,086,491
Bank balances exposed to custodial credit risk	\$ 86,491	\$ 150,000	\$ -	\$ 236,491
a. Uninsured and collateralized	\$ -	\$ -	\$ -	\$ -
b. Uninsured and collateralized with securities held by the pledging institution	\$ 86,491	\$ 150,000	\$ -	\$ 236,491
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the entity's name	\$ -	\$ -	\$ -	\$ -

NOTE: The "Deposits in bank accounts per bank" will not necessarily equal the "Deposits per Balance Sheet" due to outstanding items.

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

	Banking Institution	Program	Amount
1.	Texas State Bank		\$ 486,491
2.	Delta Bank		400,000
3.	Cross Keys Bank		200,000
			<u>\$ 1,086,491</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	\$	<u>N/A</u>
Petty cash	\$	<u>20</u>

2. INVESTMENTS

The Fifth Louisiana Levee District (BTA) does not maintain investment accounts as authorized by Louisiana Revised Statutes.

See Independent Auditor's Report.

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

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. Repurchase agreements are not subject to credit risk if the securities underlying the repurchase agreement are exempt from credit risk disclosure. Using the following table, list each type of investment disclosing the total carrying amounts and market values, and any amounts exposed to custodial credit risk.

GASB Statement No. 40 amended GASB Statement No. 3 to eliminate the requirement to disclose all investments by the three categories of risk. GASB Statement No. 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name. In addition, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk.

Type of Investment	Uninsured, *Unregistered, and Held by Counterparty	Uninsured, *Unregistered, and Held by Counterparty's Trust Dept. or Agent <u>Not in</u> Entity's Name	Reported Amount	Fair Value
Negotiable CDs	\$ _____	\$ N/A _____	\$ _____	\$ _____
Repurchase agreements	_____	_____	_____	_____
U.S. Government obligations **	_____	_____	_____	_____
U.S. Agency Obligations	_____	_____	_____	_____
Common & preferred stock	_____	_____	_____	_____
Mortgages (Including CMOs & MBSs)	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____
Mutual funds	_____	_____	_____	_____
Real estate	_____	_____	_____	_____
External Investment Pool (LAMP)***	_____	_____	_____	_____
External Investment Pool (Other)	_____	_____	_____	_____
Other: (identify)	_____	_____	_____	_____
Total investments	\$ _____	\$ _____	\$ _____	\$ _____

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

** These obligations generally are not exposed to custodial credit risk because they are backed by the full faith and credit of the U.S. government. (See Appendix C for the definition of U.S. Obligations)

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

See Independent Auditor's Report.

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

3. Credit Risk, Interest Rate Risk, Concentration of Credit Risk, and Foreign Currency Risk Disclosures

A. Credit Risk of Debt Investments

Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end, including the rating agency used (Moody's, S&P, etc.). All debt investments regardless of type can be aggregated by credit quality rating (if any are un-rated, disclose that amount).

Rating Agency	Rating	Fair Value
N/A	N/A	\$
Total		\$

B. Interest Rate Risk of Debt Investments

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. (Note – This is the prescribed method, segmented time distribution, for the CAFR. Also, total debt investments reported in this table should equal total debt investments reported in Section A – Credit Risk of Debt Investments.)

Type of Debt Investment	Fair Value	Investment Maturities (in Years)			Greater Than 10
		Less Than 1	1 - 5	6 - 10	
U.S. Government obligations	\$ N/A	\$	\$	\$	\$
U.S. Agency obligations					
Mortgage backed securities					
Collateralized mortgage obligations					
Corporate bonds					
Other bonds (describe)					
Mutual bond funds					
Other					
Total debt investments	\$	\$	\$	\$	\$

See Independent Auditor's Report.

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
NOTES TO THE FINANCIAL STATEMENTS
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2. List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms (e.g. coupon multipliers, reset dates, etc.) of the investment. See Appendix C for examples of debt investments that are highly sensitive to changes in interest rates.

<u>Debt Investment</u>	<u>Fair Value</u>	<u>Terms</u>
N/A	\$	
Total	\$	

C. Concentration of Credit Risk

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

<u>Issuer</u>	<u>Amount</u>	<u>% of Total Investments</u>
N/A	\$	
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>
N/A	\$	\$
Total	\$	\$

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4. DERIVATIVES (GASB 53)

A. Summary of Derivative Instruments

Complete the following table, "Summary of Derivative Instruments" for all derivative instruments held by the entity at June 30, 2011. If no derivative instruments were held by the entity at June 30, please state "None".

Summary of Derivative Instruments

Type	Notional	Changes in Fair Value		Fair Value at June 30	
		Classification	Amount	Classification	Amount
Investment Derivative Instruments:	None		\$		\$
Fair Value Hedges:			\$		\$
Cash Flow Hedges:			\$		\$

* If fair value is based on other than quoted market prices, the methods and significant assumptions used to estimate those fair market values should be disclosed.

B. Investment Derivative Instruments

Investment derivative instruments include derivative instruments that are not effective or are no longer effective and cannot be classified as hedging derivative instruments. Separately list each investment derivative instrument included in the table above and discuss the exposure to risk from these investments for the following risks:

1. Credit Risk of Investment Derivative Instruments

None

2. Interest Rate Risk of Investment Derivative Instruments

Investment Derivative Instrument	Notional Amount	Fair Value	Investment Maturities (in years)			
			Less than 1	1-5	6-10	More than 10
None						

Disclose the reference rate for each investment derivative instrument along with any embedded options

N/A

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3. Foreign Currency Risk of Investment Derivative Instruments

Foreign Currency	Fair Value in U.S. Dollars	
	Bonds	Stocks
N/A	\$	\$
Total	\$	\$

4. Reclassification from Hedging Derivative Instrument to Investment Derivative Instrument

Item Reclassified	Notional Amount	Ineffective @ 6/30/11 (Y/N)	Fair Value @ 6/30/11	Ineffective @ 6/30/10 (Y/N)	Fair Value @ 6/30/10	Change in Fair Value @ 6/30/11
None						

C. Hedging Derivative Instruments

Complete the following table – Terms and Objectives of Hedging Derivative Instruments – for all hedging derivative instruments held by the entity at June 30, 2011.

Terms and Objectives of Hedging Derivative Instruments

Type	Notional	Objective	Effective Date	Maturity Date	Terms*	Counterparty Credit Rating
None						

*Terms include reference rates, embedded options, and the amount of cash paid or received, if any, when a forward contract or swap (including swaptions) was entered into.

Interest rates and the various swap indices change over time. Use the schedule below to summarize payments on the swap and interest payments to bondholders for applicable hedging derivative instruments.

Hedging Derivative Instrument	Counterparty Swap Payment			Interest Payments to Bondholders	Total Payments
	To	From	Net		
N/A					

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List each hedging derivative separately, and discuss the exposure to risk from these hedges for the following risks:

1. Credit Risk of Hedging Derivative Instruments

N/A

2. Interest Rate Risk of Hedging Derivative Instruments

Investment Derivative Instrument	Notional Amount	Fair Value	Investment Maturities (in years)			
			Less than 1	1-5	6-10	More than 10
<u>N/A</u>						

3. Basis Risk of Hedging Derivative Instruments

N/A

4. Termination Risk of Hedging Derivative Instruments

N/A

5. Rollover Risk of Hedging Derivative Instruments

N/A

6. Market-Access Risk of Hedging Derivative Instruments

N/A

7. Foreign Currency Risk of Hedging Derivative Instruments

Foreign Currency	Fair Value in U.S. Dollars	
	Bonds	Stocks
<u>N/A</u>	\$ _____	\$ _____

Total	\$ _____	\$ _____

If any hedged items are a debt obligation, then its net cash flows are required to be disclosed in accordance with GASB Statement No. 38, paragraphs 10-11. This information, if applicable, should be provided below, and will be included in Note 8 of the CAFT.

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Using the following chart, provide the principal and interest requirements to maturity for those hedged items that are a debt obligation. If your fiscal year ends other than June 30, change the date within the table. If the number of years for your debt to terminate exceeds the years listed, add those years to the table (in 5 year increments).

Debt and Lease Obligations for Hedged Debt (per GASB 38, paragraph 10)

Fiscal Year Ending June 30	Principal	Interest	Hedging Derivative Instruments, Net	Total
2012	\$ N/A	\$	\$	\$ -
2013				-
2014				-
2015				-
2016				-
2017-2021				-
2022-2026				-
2027-2031				-
2032-2036				-
2037-2041				-
Total	=	=	=	=

Note: The hedging derivative column reflects only net receipts/payments on derivative instruments that qualify for hedge accounting.

List any terms by which the interest rates change for variable-rate debt.

N/A

Using the following chart, provide the future minimum lease payments for those hedged items that are obligations under capital and noncancelable operating leases (per GASB 38, paragraph 11). If your fiscal year ends other than June 30, change the date within the table. If the number of years for your lease extends beyond the years listed, add those years to the table (in 5 year increments).

Fiscal Year Ending June 30	Minimum Future Lease Payment
2012	\$ N/A
2013	
2014	
2015	
2016	
2017-2021	
2022-2026	
2027-2031	
2032-2036	
2037-2041	
Total	=

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If effectiveness is determined by another quantitative method not identified in GASB Statement No. 53, provide the identity and characteristics of the method used, the range of critical terms the method tolerates, and the actual critical terms of the hedge.

N/A

D. Contingent Features

Disclose any contingent features that are included in derivative instruments held at the end of the reporting period. The required disclosures include (1) the existence and nature of contingent features and the circumstances in which the features could be triggered, (2) the aggregate fair value of derivative instruments that contain those features, (3) the aggregate fair value of assets that would be required to be posted as collateral or transferred in accordance with the provisions related to the triggering of the contingent liabilities, and (4) the amount, if any, that has been posted as collateral by the government as of the end of the reporting period.

N/A

E. Hybrid Instruments

If your entity has any hybrid instruments, disclosure of the companion instrument should be consistent with disclosures required of similar transactions. List any hybrid instruments below and provide information regarding any hybrid instruments and a reference to where the required disclosures can be found. If the required disclosures are not presented elsewhere, provide those disclosures below. If your entity does not have any hybrid instruments, state "None".

N/A

F. Synthetic Guaranteed Investment Contracts (SGICs)

If your entity has a fully benefit-responsive SGIC, then a description of the nature of the SGIC and the SGIC's fair value (including separate disclosure of the fair value of the wrap contract and the fair value of the corresponding underlying investments) should be disclosed as of the end of the reporting period. Provide those required disclosures below. If your entity does not have any, state "None".

N/A

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.

N/A

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6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS

- a. Investments in pools managed by other governments or mutual funds N/A
- b. Securities underlying reverse repurchase agreements N/A
- c. Unrealized investment losses N/A
- d. Commitments as of 6-30-2011 (fiscal close), to resell securities under yield maintenance repurchase agreements;
1. Carrying amount and market value at June 30 of securities to be resold N/A
2. Description of the terms of the agreement N/A
- e. Losses during the year due to default by counterparties to deposit or investment transactions N/A
- f. Amounts recovered from prior-period losses which are not shown separately on the balance sheet N/A

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

- 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 N/A
- j. Commitments on 6-30-2011 (fiscal close) to repurchase securities under yield maintenance agreements N/A
- k. Market value on 6-30-2011 (fiscal close) of the securities to be repurchased N/A
- l. Description of the terms of the agreements to repurchase N/A

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- m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements
N/A
- n. Amounts recovered from prior-period losses which are not separately shown on the operating statement
N/A

Fair Value Disclosures (GASB 31)

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

Land and Other Real Estate Held as Investments by Endowments (GASB 52)

- v. N/A (agency/entity) owns land or other real estate held as investments by endowments. (yes/no) Land or real estate held as investments by endowments is reported at fair value in the entity's financial statements and any applicable fair value note disclosures are reported in the preceding fair value disclosure section.

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D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE AGREEMENTS

Schedule of Capital Assets (includes capital leases)

<u>University/System</u>	Balance 6/30/2010	Prior Period Adjustments	Restated Balance 6/30/2010	Additions	* Reclassifi- cation of CIP	** Retirements	Balance 6/30/2011
Capital assets not depreciated:							
Land	\$ 58,738	\$ -	\$ 58,738	\$ 368,076	\$ -	\$ -	\$ 426,814
Non-depreciable land improvements	-	-	-	-	-	-	-
Non-depreciable easements	-	-	-	-	-	-	-
Capitalized collections	-	-	-	-	-	-	-
Software - development in progress	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Total capital assets not depreciated	\$ 58,738	\$ -	\$ 58,738	\$ 368,076	\$ -	\$ -	\$ 426,814
Other capital assets:							
Depreciable land improvements	-	-	-	-	-	-	-
** Accumulated depreciation	-	-	-	-	-	-	-
Total infrastructure	-	-	-	-	-	-	-
Buildings	353,126	-	353,126	-	-	-	353,126
** Accumulated depreciation	(90,775)	-	(90,775)	(7,736)	-	-	(98,511)
Total land improvements	262,351	-	262,351	(7,736)	-	-	254,615
Machinery & Equipment	1,880,341	-	1,880,341	75,506	-	-	1,955,847
** Accumulated depreciation	(1,341,793)	-	(1,341,793)	(125,642)	-	-	(1,467,435)
Total buildings	538,548	-	538,548	(50,136)	-	-	488,412
Infrastructure	-	-	-	-	-	-	-
** Accumulated depreciation	-	-	-	-	-	-	-
Total equipment	-	-	-	-	-	-	-
Software (internally generated & purchased)	-	-	-	-	-	-	-
Other intangibles	-	-	-	-	-	-	-
** Accumulated amortization - software	-	-	-	-	-	-	-
** Accumulated amortization - other intangibles	-	-	-	-	-	-	-
Total intangibles	-	-	-	-	-	-	-
Total other capital assets	\$ 800,899	\$ -	\$ 800,899	\$ (57,872)	\$ -	\$ -	\$ 743,027
Capital asset summary:							
Capital assets not depreciated	\$ 58,738	\$ -	\$ 58,738	\$ 368,076	\$ -	\$ -	\$ 426,814
Other capital assets, book value	2,233,467	-	2,233,467	75,506	-	-	2,308,973
Total cost of capital assets	2,292,205	-	2,292,205	443,582	-	-	2,735,787
Accumulated depreciation/amortization	(1,432,568)	-	(1,432,568)	(133,378)	-	-	(1,565,946)
Capital assets, net	\$ 859,637	\$ -	\$ 859,637	\$ 310,204	\$ -	\$ -	\$ 1,169,841

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

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

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E. INVENTORIES

The BTA's inventories are valued at N/A (method of valuation – FIFO, LIFO, weighted average, moving average, specific identification, etc.). These are perpetual inventories and are expensed when used.

F. RESTRICTED ASSETS

Restricted assets in the Fifth Louisiana Levee District (BTA) at June 30, 2011, reflected at N/A in cash with fiscal agent.

G. LEAVE

1. COMPENSATED ABSENCES

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

Employees may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and 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 June 30, 2011, is computed in accordance with Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105, is estimated to be \$58,121. The leave payable is recorded in the accompanying financial statements.

H. RETIREMENT SYSTEM

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

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. 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 are also available on-line at:

[http://www.lasers.state.la.us/PDFs/Publications and Reports/Fiscal Documents/Comprehensive Financial Reports/Comprehensive%20Financial%20Reports_08.pdf](http://www.lasers.state.la.us/PDFs/Publications%20and%20Reports/Fiscal%20Documents/Comprehensive%20Financial%20Reports/Comprehensive%20Financial%20Reports_08.pdf)

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I. OTHER POST EMPLOYMENT BENEFITS (OPEB)

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 years ended June 30, 2011 and June 30, 2010, was 22% and 18.5% of annual covered payroll. The rate for fiscal year ended June 30, 2009, was 18.5%. The (BTA) contributions to the System for the years ending June 30, 2011, 2010, and 2009, were \$95,872, \$80,996, and \$78,270, respectively, equal to the required contributions for each year.

Annual Other Post Employment Benefit Cost and Liability – The Annual Required Contribution (ARC) represents a level of funding that, if paid on an ongoing basis is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. Effective July 1, 2008, the District implemented GASB 45 prospectively which requires reporting on an accrual basis the liability associated with other post employment benefits and the OPEB liability at transition was zero. The following is the annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation of the entity at June 30, 2011:

ARC		\$	32,100
Interest on OPEB Obligation			4,111
Adjustment to ARC			<u>(3,928)</u>
Annual OPEB cost			32,283
Contributions made			<u>(5,205)</u>
Increase in net OPEB obligation		\$	27,078
Net OPEB obligation - beginning of year			<u>102,782</u>
Net OPEB obligation – end of year		\$	<u>129,860</u>
Percentage of Annual OPEB Cost Contributed			16.12%

J. LEASES

1. OPERATING LEASES

The total payments for operating leases during fiscal year 2010-2011 amounted to \$-0-. A schedule of payments for operating leases follows:

Nature of lease	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017- 2021	FY 2022- 2026
N/A	\$	\$	\$	\$	\$	\$	\$
Total	<u>\$ -</u>	<u>\$ -</u>					

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2. CAPITAL LEASES

Capital leases are 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.

<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	\$ -	\$ -	\$ -
b. Buildings	-	-	-
c. Equipment	769,613	5,827	121,163
d. Land	-	-	-
e. Other	-	-	-
Total	<u>\$ 769,613</u>	<u>\$ 5,827</u>	<u>\$ 121,163</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:

Year ending June 30 :	<u>Total</u>
2012	\$ 77,144
2013	33,086
2014	16,760
2015	-
2016	-
2017-2021	-
2022-2026	-
2027-2031	-
Total minimum lease payments	<u>126,990</u>
Less amounts representing executory costs	-
Net minimum lease payments	<u>126,990</u>
Less amounts representing interest	<u>(5,827)</u>
Present value of net minimum lease payments	<u>\$ 121,163</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	\$ N/A	\$ _____	\$ _____
b. Buildings	_____	_____	_____
c. Equipment	_____	_____	_____
d. Land	_____	_____	_____
e. Other	_____	_____	_____
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:

<u>Year ending June 30:</u>	<u>Total</u>
2012	\$ N/A
2013	_____
2014	_____
2015	_____
2016	_____
2017-2021	_____
2022-2026	_____
2027-2031	_____
Total minimum lease payments	_____ -
Less amounts representing executory costs	_____
Net minimum lease payments	_____ -
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____ -

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	\$ N/A	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
d. Other	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

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The following is a schedule by years of future minimum lease payments under capital leases financed through the LEAF program, 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:

Year ending June 30:	Total
2012	\$ <u>N/A</u>
2013	<u> </u>
2014	<u> </u>
2015	<u> </u>
2016	<u> </u>
2017-2021	<u> </u>
2022-2026	<u> </u>
2027-2031	<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>
Present value of net minimum lease payments	<u>\$ <u> </u></u> -

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:

- Collectability 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.

Composition of lease	Date of lease	Minimum lease payment receivable	Remaining interest to end of lease	Remaining principal to end of lease
a. Office space	N/A	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
b. Buildings	<u> </u>	<u> </u>	<u> </u>	<u> </u>
c. Equipment	<u> </u>	<u> </u>	<u> </u>	<u> </u>
d. Land	<u> </u>	<u> </u>	<u> </u>	<u> </u>
e. Other	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Less amounts representing executory costs		<u> </u>		
Minimum lease payment receivable		<u> </u> -		
Less allowance for doubtful accounts		<u> </u>		
Net minimum lease payments receivable		<u> </u> -		
Less estimated residual value of leased property		<u> </u>		
Less unearned income		<u> </u>		
Net investment in direct financing lease		<u>\$ <u> </u></u> -		

Minimum lease payment receivable does 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 2011 were \$0 for office space, \$0 for buildings, \$0 for equipment, \$0 for land, and \$0 for other.

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NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

The following is a schedule by year of minimum leases receivable for the remaining fiscal years of the lease as of June 30, 2011.

Year ending June 30:	Total
2012	\$ N/A
2013	_____
2014	_____
2015	_____
2016	_____
2017-2021	_____
2022-2026	_____
2027-2031	_____
Total minimum lease payments	_____
Less amounts representing executory costs	_____
Net minimum lease payments	_____
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____

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 (collectability 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.

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 June 30, 2011:

Nature of lease	Cost	Accumulated depreciation	Carrying amount
a. Office space	\$ N/A	\$ _____	\$ _____
b. Building	_____	_____	_____
c. Equipment	_____	_____	_____
d. Land	_____	_____	_____
e. Other	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____

The following is a schedule by years of minimum future rentals receivable on noncancelable operating lease(s) as of June 30, 2011:

Year Ended June 30.	Office Space	Equipment	Land	Other	Total
2011	\$ N/A	\$ _____	\$ _____	\$ _____	\$ _____
2012	_____	_____	_____	_____	_____
2013	_____	_____	_____	_____	_____
2014	_____	_____	_____	_____	_____
2015	_____	_____	_____	_____	_____
2016-2020	_____	_____	_____	_____	_____
2021-2025	_____	_____	_____	_____	_____
2026-2030	_____	_____	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

Current year lease revenues received in fiscal years 2010 and 2011 totaled \$0. Contingent rentals received from operating leases received for your fiscal year was \$0 for office space, \$0 for buildings, \$0 for equipment, \$0 for land, and \$0 for other.

See Independent Auditor's Report.

STATE OF LOUISIANA
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K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2011:

	<u>Year ended June 30, 2011</u>		Balance June 30, 2011	Amounts due within one year
	Balance June 30, 2010	Additions		
Notes and bonds payable:				
Notes payable	\$ -	\$ -	\$ -	\$ -
Bonds payable	-	-	-	-
Total notes and bonds	-	-	-	-
Other liabilities:				
Contracts payable	-	-	-	-
Compensated absences payable	58,075	46	58,121	-
Capital lease obligations	228,766	-	107,603	77,144
Pollution remediation obligation	-	-	-	-
OPEB payable	102,782	27,078	129,860	-
Other long-term liabilities	-	-	-	-
Total other liabilities	389,623	27,124	309,144	77,144
Total long-term liabilities	\$ 389,623	\$ 27,124	\$ 309,144	\$ 77,144

L. CONTINGENT LIABILITIES

GAAP requires 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. **The State has a Self-Insurance Fund administered by the Office of Risk Management and it negotiates, and settles certain tort claims against the State or State agencies. Those claims against the State not handled through the Office of Risk Management should be reported in the following note.** Do not report impaired capital assets as defined by GASB 42 below, rather disclose GASB 42 impaired capital assets in the impairment note.

The "probable outcome" of litigation can be described as probable, reasonably possible, or remote. Probable means the future event is likely to occur; reasonably possible means the future event is more than remote but less than likely to occur; remote means the future event has a slight chance to occur. Losses or ending litigation that is probable in nature should be accrued in the financial statements and reflected on the account line, Claims and Litigation Payable.

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The Fifth Louisiana Levee District (BTA) is a defendant in litigation seeking damages as follows:
(List only litigation not being handled by the Office of Risk Management.)

Date of Action	* Check (a) if handled by AG's Office	Description of Litigation and Probable outcome (probable, reasonably possible or remote)	Estimated Amount for Claims & Litigation (opinion of legal counsel)	Insurance Coverage
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____
			<u>\$ _____</u>	<u>\$ _____</u>

***Check ONLY those cases in which the AG's Office is representing or defending your entity. Also, if the AG's Office is defending your entity in a lawsuit and you are not aware of the probable outcome or estimated liability for your entity, type "unknown" in the applicable fields and we will obtain the information from the AG's Office.**

Note: Liability for claims and judgments 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)

(Only answer the following questions for those claims and litigation not being handled by the Office of Risk Management.)

Indicate the way in which risks of loss are handled (circle one).

- (a) Purchase of commercial insurance,
- (b) Participation in a public entity risk pool (e.g., Office of Risk Management claims)
- (c) Risk retention (e.g., Use of an internal service fund is considered risk retention because the entity as a whole has retained the risk of loss.)
- (d) Other (explain) _____

For entities participating in a risk pool (other than the Office of Risk Management), describe the nature of the participation, including the rights and the responsibilities of both the entity and the pool.

Describe any significant reductions in insurance coverage from coverage in the prior year by major categories of risk. Also, indicate whether the amount of settlements exceeded insurance coverage for each of the past three fiscal years.

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 cannot be estimated.

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

Disallowed Cost:

Those agencies collecting federal funds, which have been informed that certain of their previously claimed costs were disallowed, should disclose the requested information in the schedule shown below. Show each possible disallowance on a separate line in the chart.

	Date of Disallowance	Amount	*Probability of Payment	Estimated Liability Amount**
1		\$		\$
2				
3				
4				

* Reasonably possible, probable, or remote

** Indicate only if amount can be reasonably estimated by legal counsel

M. RELATED PARTY TRANSACTIONS

N/A

N. ACCOUNTING CHANGES

N/A

O. IN-KIND CONTRIBUTIONS

N/A

P. DEFEASED ISSUES

N/A

Q. REVENUES – PLEDGED OR SOLD

N/A

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

N/A

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

N/A

T. SHORT-TERM DEBT

N/A

See Independent Auditor's Report.

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2011, were as follows:

Fund	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
General Fund	\$ -	\$ 3,790	\$ -	\$ 83,842	\$ 87,632
Gross receivables	\$ -	\$ 3,790	\$ -	\$ 83,842	\$ 87,632
Less allowance for uncollectible accounts	-	-	-	-	-
Receivables, net	\$ -	\$ 3,790	\$ -	\$ 83,842	\$ 87,632

Amounts not scheduled
for collection during the
subsequent year

\$ -	\$ -	\$ -	\$ -	\$ -
------	------	------	------	------

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2011, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
General Fund	\$ 31,423	\$ 11,388	\$ -	\$ -	\$ 42,811
Total payables	\$ 31,423	\$ 11,388	\$ -	\$ -	\$ 42,811

W. SUBSEQUENT EVENTS

N/A

X. SEGMENT INFORMATION

N/A

Y. DUE TO/DUE FROM AND TRANSFERS

N/A

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

N/A

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

N/A

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT NO. 46)

N/A

CC. IMPAIRMENT OF CAPITAL ASSETS

N/A

DD. EMPLOYEE TERMINATION BENEFITS

See Independent Auditor's Report.

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

N/A

EE. POLLUTION REMEDIATION OBLIGATIONS (BTA)

N/A

FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

N/A

See Independent Auditor's Report.

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2011**

<u>NAME</u>	<u>AMOUNT</u>
Jack M. Varner, Jr.	\$ 742
Sam Hill	945
J. Pat Mabray, Jr.	877
James E. Kelly, Sr.	1,823
Barry Maxwell	2,025
Scott Tiffie	607
Philip Brown	540
	<u>\$ 7,559</u>

SCHEDULE 1

See Independent Auditor's Report.

**STATE OF LOUISIANA
 FIFTH LOUISIANA LEVEE DISTRICT (BTA)
 SCHEDULE OF CAPITAL LEASE AMORTIZATION
 FOR THE YEAR ENDED JUNE 30, 2011**

Fiscal Year Ending:	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2012	\$ 81,059	\$ 3,916	\$ 77,143	\$ 44,020
2013	34,759	1,673	33,086	10,934
2014	11,172	238	10,934	-
2015	-	-	-	-
2016	-	-	-	-
2017-2021	-	-	-	-
2022-2026	-	-	-	-
2027-2031	-	-	-	-
2032-2036	-	-	-	-
Total	<u>\$ 126,990</u>	<u>\$ 5,827</u>	<u>\$ 121,163</u>	<u>\$ 54,954</u>

SCHEDULE 4-A

See Independent Auditor's Report.

STATE OF LOUISIANA
 FIFTH LOUISIANA LEVEE DISTRICT (BTA)
 SCHEDULE OF NOTES PAYABLE AMORTIZATION
 FOR THE YEAR ENDED JUNE 30, 2011

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2012	\$ N/A	\$
2013		
2014		
2015		
2016		
2017-2021		
2022-2026		
2027-2031		
2032-2036		
Total	\$ -	\$

SCHEDULE 4-B

See Independent Auditor's Report.

**STATE OF LOUISIANA
 FIFTH LOUISIANA LEVEE DISTRICT (BTA)
 SCHEDULE OF BONDS PAYABLE AMORTIZATION
 FOR THE YEAR ENDED JUNE 30, 2011**

	\$	N/A	\$	N/A
2012				
2013				
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
Total	\$		\$	

SCHEDULE 4-C

See Independent Auditor's Report.

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES
BUDGETARY COMPARISON OF CURRENT APPROPRIATION
NON-GAAP BASIS
JUNE 30, 2011

	Financial Statement	Adjustments	ISIS Appropriation Report-08/14/10	Revised Budget	Variance Positive/(Negative)
Revenues:					
Intergovernmental Revenues	\$	\$	\$	\$	\$
Federal Funds					
Sales of commodities and services					
Other					
Total appropriated revenues					
Expenses:					
Cost of goods sold	\$	\$	\$	\$	\$
Personal services					
Travel					
Operating services					
Supplies					
Professional services					
Other charges					
Capital outlay					
Interagency transfers					
Debt service					
Other:					
Bad debts					
Depreciation					
Compensated absences					
Interest expense					
Other (identify)					
Total appropriated expenses					
Excess (deficiency) of revenues over expenses (budget basis)	\$	\$	\$	\$	\$

SCHEDULE 5

See Independent Auditor's Report.

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES
BUDGETARY COMPARISON OF CURRENT APPROPRIATION
NON-GAAP BASIS
June 30, 2011

Excess (deficiency) of revenues over expenses (budget basis)	\$	N/A
Reconciling items:		
Cash carryover		
Use of money and property (interest income)		
Depreciation		
Compensated absences adjustment		
Capital outlay		
Disposal of fixed assets		
Change in inventory		
Interest expense		
Bad debts expense		
Prepaid expenses		
Principal payment		
Loan principal repayments included in revenue		
Loan disbursements included in expenses		
Accounts receivable adjustment		
Accounts payable/estimated liabilities adjustment		
OPEB payable		
Other		
 Change in Net Assets	 \$	

See Independent Auditor's Report.

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

COMPARISON FIGURES

	2011	2010	Difference	Percentage Change
1) Revenues	\$ 2,933,779	\$ 2,473,358	\$ 460,421	19%
Expenses	\$ 2,959,706	\$ 2,333,114	\$ 626,592	27%
2) Capital assets	\$ 1,169,841	\$ 859,637	\$ 310,204	36%
Long-term debt	\$ 309,144	\$ 331,548	\$ (22,404)	-7%
Net assets	\$ 1,981,184	\$ 2,007,111	\$ (25,927)	-1%

Explanation for change:

SCHEDULE 15

See Independent Auditor's Report.

