

**LAFOURCHE BASIN LEVEE DISTRICT  
STATE OF LOUISIANA**

**Basic Financial Statements  
and Independent Auditors' Reports**

**As of and for the Year Ended December 31, 2004  
With Supplemental Information**

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 7-6-05

**LAFOURCHE BASIN LEVEE DISTRICT  
P. O. BOX 670  
21380 HIGHWAY 20  
VACHERIE, LOUISIANA 70090  
(225) 265-7545**

**GOVERNING BOARD**

President Kenneth Peltier	-	Assumption Parish
Calice Bonadona	-	Ascension Parish
John Boughton	-	St. James Parish
Leonce Carmouche, Jr.	-	Assumption Parish
Stanley Folse.	-	St. James Parish
Haston Lewis, Sr.	-	St. John the Baptist Parish
Russell Loupe	-	St. Charles Parish
David J. Orgeron	-	Lafourche Parish
Huey Stein	-	Lafourche Parish
Shelley Tastet	-	St. Charles Parish

Randy J. Trosclair, Administrative Manager  
Leonard Schexnayder, Executive Secretary

**LAFOURCHE BASIN LEVEE DISTRICT**  
**STATE OF LOUISIANA**  
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**Leroy J. Chustz**

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## INDEPENDENT AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS

**Board of Levee Commissioners of the  
Lafourche Basin Levee District  
State of Louisiana  
Vacherie, Louisiana**

We have audited the accompanying basic financial statements of the **Lafourche Basin Levee District**, a component unit of the State of Louisiana, as of and for the year ended December 31, 2004, as listed in the Table of Contents. These basic financial statements are the responsibility of Lafourche Basin Levee District's management. Our responsibility is to express an opinion on these basic 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, and the *Louisiana Governmental Audit Guide*. Those standards and the guide require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the **Lafourche Basin Levee District**, as of the year ended December 31, 2004, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying required supplementary information, including Management's Discussion and Analysis and the Budget Comparison as listed in the Table of Contents are not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2005, on our consideration of the Lafourche Basin Levee District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the **Lafourche Basin Levee District's** basic financial statements. The accompanying supplementary information, such as the Division of Administration Reporting packet (statutory basis of accounting), as listed in the table of contents are presented for purpose of additional analysis and are not a required part of the basic financial statements of the **Lafourche Basin Levee District**. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Leroy J. Chustz*  
Certified Public Accountant, APAC  
June 21, 2005

*Beverly A. Ryall*  
Certified Public Accountant

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**REQUIRED SUPPLEMENTAL INFORMATION (PART I)**  
Management's Discussion and Analysis

**STATE OF LOUISIANA  
LAFOURCHE BASIN LEVEE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF DECEMBER 31, 2004**

The Management's Discussion and Analysis of the LAFOURCHE BASIN LEVEE DISTRICT's financial performance presents a narrative overview and analysis of LAFOURCHE BASIN LEVEE DISTRICT's financial activities for the year ended December 31, 2004. 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 LAFOURCHE BASIN LEVEE DISTRICT's financial statements.

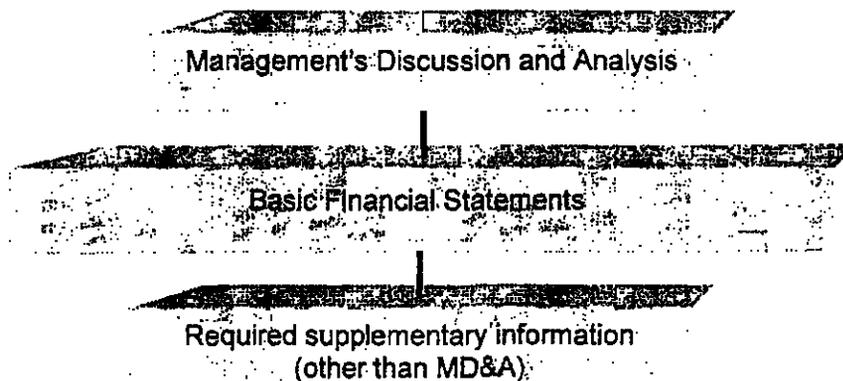
**FINANCIAL HIGHLIGHTS**

- ★ The LAFOURCHE BASIN LEVEE DISTRICT's assets exceeded its liabilities at the close of calendar year 2004 by \$11,611,583, which represents a 12.8% increase from last calendar year.
- ★ The LAFOURCHE BASIN LEVEE DISTRICT had total revenues of \$2,799,509 for the current year ended December 31, 2004, which represents an increase of \$412,097. Total expenditures for the current year ended December 31, 2004 are \$4,503,811, which represents an increase of \$2,401,021. These increases are due primarily to twelve months reporting period compared to the last reporting period of six months, which includes an increase in expenditures of \$854,496 in intergovernmental transfers.
- ★ The LAFOURCHE BASIN LEVEE DISTRICT's cash and investments of \$9,683,483 at December 31, 2004 represents a decrease of \$359,805 from prior year.
- ★ The LAFOURCHE BASIN LEVEE DISTRICT had accounts receivable of \$2,325,411 and accounts payable of \$1,600,575 at December 31, 2004. Accounts receivable has an increase of \$5,646 over prior year and accounts payable and accruals have an increase of \$1,322,565 over prior year.
- ★ The LAFOURCHE BASIN LEVEE DISTRICT had property tax revenues of \$2,156,537 for the current year ended December 31, 2004, a decrease of \$5,435. Property tax revenues represent 79% of all revenues not including the refund of \$68,875 from DOTD for reimbursement of expenses.
- ★ The LAFOURCHE BASIN LEVEE DISTRICT had total revenues of \$2,799,509 and total expenditures of \$4,503,811 a decrease in net assets of \$1,704,302 at December 31, 2004.

STATE OF LOUISIANA  
LAFOURCHE BASIN LEVEE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF DECEMBER 31, 2004

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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



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

**Basic Financial Statements**

The basic financial statements present information for the LAFOURCHE BASIN LEVEE DISTRICT as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance sheet; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Balance Sheet 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 LAFOURCHE BASIN LEVEE DISTRICT is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents information showing how LAFOURCHE BASIN LEVEE DISTRICT's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future calendar periods.

The Cash Flow Statement presents information showing how LAFOURCHE BASIN LEVEE DISTRICT's 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.

STATE OF LOUISIANA  
LAFOURCHE BASIN LEVEE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF DECEMBER 31, 2004

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets  
for the six months ended December 31, 2003 and the year ended December 31, 2004

	Total	
	2004	2003
Current and other assets	\$ 12,097,126	\$ 12,394,273
Capital assets	1,186,497	1,267,611
Total assets	<u>13,283,623</u>	<u>13,661,884</u>
Other liabilities	1,600,575	278,010
Long-term debt outstanding	71,465	67,989
Total liabilities	<u>1,672,040</u>	<u>345,999</u>
Net assets:		
Invested in capital assets, net of debt	1,186,497	1,267,611
Restricted		
Unrestricted	10,425,086	12,048,274
Total net assets	<u>\$ 11,611,583</u>	<u>\$ 13,315,885</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.

Net assets of LAFOURCHE BASIN LEVEE DISTRICT's decreased by \$1,704,302 from December 31, 2003 to December 31, 2004.

**STATE OF LOUISIANA  
LAFOURCHE BASIN LEVEE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF DECEMBER 31, 2004**

**Statement of Revenues, Expenses, and Changes in Fund Net Assets  
for the six months ended December 31, 2003 and the year ended December 31, 2004**

	Total	
	2004	2003
Operating revenues	\$ 2,799,509	\$ 2,387,412
Operating expenses	4,503,811	2,102,790
Operating income(loss)	(1,704,302)	284,622
Non-operating revenues(expenses)		
Income(loss) before transfers	(1,704,302)	284,622
Transfers in		
Transfers out		
Net increase(decrease) in net assets	\$ (1,704,302)	\$ 284,622

The LAFOURCHE BASIN LEVEE DISTRICT's total revenues increased by \$412,097 while expenses increased by \$2,401,021 from the previous year.

**STATEMENT OF CASH FLOWS**

Another way to assess the financial health of LAFOURCHE BASIN LEVEE DISTRICT is to look at the Statement of Cash Flows. The Statement of Cash Flows assists readers of this statement to assess:

- The ability to generate future cash flows
- The ability to meet obligations as they come due
- A need for external financing

**Statement of Cash Flows**

	2004	2003
Cash and cash equivalents provided used by:		
Operating activities		
Capital Financial Activities	\$ (240,640)	\$ (1,758,597)
Non-capital financing activities	380,773	1,957,012
Investing activities		
Net increase in cash and cash equivalents	140,133	198,415
Cash and cash equivalents		
Beginning of year	235,765	37,350
End of year	\$ 375,898	\$ 235,765

**STATE OF LOUISIANA  
LAFOURCHE BASIN LEVEE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF DECEMBER 31, 2004**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2004, the LAFOURCHE BASIN LEVEE DISTRICT had \$1,186,497 net of depreciation invested in a broad range of capital assets. (See Table below) This amount represents a net decrease (including additions and deductions) of \$81,114 from last year.

Capital Assets at Year-end (Net of Depreciation)		
	2004	2003
Land	\$ 130,227	\$ 130,227
Buildings and improvements	433,038	443,492
Equipment	623,232	693,892
Infrastructure		
	Totals \$ \$ 1,186,497	\$ \$ 1,267,611

**Debt**

The LAFOURCHE BASIN LEVEE DISTRICT had obligation for compensated absences of \$71,465 at December 31, 2004.

**VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS**

Actual revenues were approximately \$493,183 over budget due in part to increased ad valorem tax revenue and royalties, state revenue sharing, refund from DOTD, and interest earned on investments. Expenditures were less than budget due in part to a feasibility study (Donaldsonville to the Gulf of Mexico Flood Control) that did not materialize as anticipated.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The LAFOURCHE BASIN LEVEE DISTRICT's elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Revenues from ad valorem tax increasing due to increase in property values
- Increasing costs of employee salaries and related benefits
- Increasing costs for liability and hospitalization insurance
- Intergovernmental revenues (reimbursement from DOTD)

The LAFOURCHE BASIN LEVEE DISTRICT expects that next year's results will improve based on the following:

- Maintaining costs of intergovernmental transfers
- Improving interest rates as provided by investment analysis
- The Donaldsonville to Gulf of Mexico Flood Control Feasibility Study to be in full operation with refunds from DOTD to cover Lafourche Basin Levee District's cost

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**STATE OF LOUISIANA  
LAFOURCHE BASIN LEVEE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF DECEMBER 31, 2004**

**CONTACTING THE LAFOURCHE BASIN LEVEE DISTRICT'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the LAFOURCHE BASIN LEVEE DISTRICT's finances and to show the LAFOURCHE BASIN LEVEE DISTRICT's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Clinton Rouyea, Jr., External Account, telephone and fax 225.622.1651.

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## BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-wide financial statements
- Fund financial statements:
  - Governmental funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**LAFOURCHE BASIN LEVEE DISTRICT  
STATE OF LOUISIANA  
GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2004**

**ASSETS**

<b><i>Current Assets</i></b>	
Cash	\$ 375,898.58
Investments	9,307,584.84
Ad valorem taxes receivable	2,285,560.73
Rents and royalties receivable	39,850.13
Prepaid expenses	59,176.92
Notes receivable	29,055.00
Total Current Assets	<u>12,097,126.20</u>
<b><i>Noncurrent Assets</i></b>	
Capital assets	
Land	130,227.00
Buildings and improvements	574,166.58
Machinery and equipment	2,242,110.19
Accumulated depreciation	<u>(1,760,006.80)</u>
Total noncurrent assets	<u>1,186,496.97</u>
<b>TOTAL ASSETS</b>	<u><u>13,283,623.17</u></u>

**LIABILITIES**

<b><i>Current Liabilities</i></b>	
Accounts payable	23,694.80
Accrued salaries payable	62,824.32
Payroll deductions and accruals	3,747.75
Due to South Lafourche Levee District	14,421.00
Due to St. Charles Parish Council	1,300,893.84
Deferred Revenue - Taxes	190,905.53
Other Liabilities	4,087.95
Total Current Liabilities	<u>1,600,575.19</u>
<b><i>Noncurrent Liabilities</i></b>	
Compensated absences	<u>71,465.00</u>
Total Noncurrent Liabilities	<u>71,465.00</u>
<b>TOTAL LIABILITIES</b>	<u><u>1,672,040.19</u></u>

**NET ASSETS**

Investment in capital assets	1,186,496.97
Unrestricted	<u>10,425,086.01</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$ 11,611,582.98</u></u>

The accompanying notes are an integral part of this statement.

**LAFORCHE BASIN LEVEE DISTRICT  
STATE OF LOUISIANA  
GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

***GOVERNMENTAL ACTIVITIES:***

**Public Safety - Flood Protection**

Personal services and related benefits	\$ 1,477,392.86
Travel	31,106.04
Operating services	570,548.67
Professional services	804,431.10
Other charges	1,420,054.49
Depreciation expense	200,278.00
<b>Total Governmental Activities</b>	<b>4,503,811.16</b>

***General Revenues:***

Taxes -	
Ad Valorem taxes and interest	2,156,536.69
Intergovernmental revenues -	
State revenue sharing	73,554.00
Department of Transportation and Development	68,874.70
Use of money and property -	
Interest earned	142,868.24
Royalties and leases	211,898.25
Permits and fees	3,900.00
Miscellaneous	
Environmental settlement	100,283.44
Other revenues	41,593.62
<b>Total General Revenues</b>	<b>2,799,508.94</b>

<b><i>Increase (Decrease) in net assets</i></b>	<b>(1,704,302.22)</b>
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<b><i>BEGINNING NET ASSETS</i></b>	<b>13,315,885.20</b>
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<b><i>ENDING NET ASSETS</i></b>	<b>\$ 11,611,582.98</b>
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The accompanying notes are an integral part of this statement.

**LAFOURCHE BASIN LEVEE DISTRICT  
STATE OF LOUISIANA  
FUND FINANCIAL STATEMENTS  
BALANCE SHEET  
GOVERNMENTAL FUND  
DECEMBER 31, 2004**

**ASSETS**

Cash	\$ 375,898.58
Investments	9,307,584.84
Ad valorem taxes receivable	2,285,560.73
Rents and royalties receivable	39,850.13
Notes receivable	29,055.00
<b>Total Assets</b>	<b><u>\$ 12,037,949.28</u></b>

**LIABILITIES AND FUND BALANCE**

***Liabilities:***

Accounts payable	\$ 23,694.80
Accrued salaries payable	63,047.40
Payroll deductions and accruals	3,524.67
Due to South Lafourche Levee District	14,421.00
Due to St. Charles Parish Council	1,300,893.84
Due to South Lafourche Parish Council	4,087.95
Deferred Revenues	219,960.53
<b>Total Liabilities</b>	<b><u>\$ 1,629,630.19</u></b>

***Fund Balance:***

Designated for levee protection	\$ 1,500,000.00
Designated for encumbrances	270,000.00
Undesignated	8,638,319.09
<b>Total Fund Balance</b>	<b><u>10,408,319.09</u></b>

<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 12,037,949.28</u></b>
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***Reconciliation of total Governmental Fund Balance to Net Assets of Governmental Activities:***

Total governmental fund balance	\$ 10,408,319.09
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds ( net of accumulated depreciation of \$1,760,006.80)	1,186,496.97
Other long-term assets are not available to pay for current-period expenditure and therefore are deferred in the funds	29,055.00
Long-Term Liabilities, including compensated absences, are not due and payable in the current period and therefore not reported in the funds	(71,465.00)
Some expenditures of governmental funds benefit future periods and not reported as expenses in the funds - Prepaid expenses	59,176.92
<b><i>Net Assets of Governmental Activities</i></b>	<b><u>\$ 11,611,582.98</u></b>

The accompanying notes are an integral part of this statement.

**LAFOURCHE BASIN LEVEE DISTRICT  
STATE OF LOUISIANA  
FUND FINANCIAL STATEMENTS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

***Revenues:***

Taxes -	
Ad Valorem taxes and interest	\$ 2,156,536.69
Intergovernmental revenues -	
State revenue sharing	73,554.00
Department of Transportation and Development	68,874.70
Use of money and property -	
Interest earned	142,868.24
Royalties and leases	211,898.25
Permits and fees	3,900.00
Miscellaneous	
Environmental settlement	100,283.44
Other revenues	43,758.62
<b>Total revenues</b>	<b><u>2,801,673.94</u></b>

***Expenditures:***

Current -	
Salaries - president and executive secretary	16,800.00
Per diem - commissioners	18,975.00
Salaries - executive director	
Salaries - administrative	167,404.09
Salaries - levee maintenance	812,737.96
Salaries - janitorial	8,098.26
Employee benefits and services	450,051.55
<b>Total personal services and related benefits</b>	<b><u>1,474,066.86</u></b>
Travel	31,106.04
Operating services	629,575.59
Professional services	804,431.10
Other charges	6,147.64
Intergovernmental transfers	1,413,906.85
Capital outlay	119,164.19
<b>Total Expenditures</b>	<b><u>4,478,398.27</u></b>

<b><i>Excess of Revenues (Expenditures)</i></b>	<b>(1,676,724.33)</b>
<b>Fund Balance December 31, 2003</b>	<b><u>12,085,043.42</u></b>
<b>Fund Balance December 31, 2004</b>	<b><u>\$ 10,408,319.09</u></b>

The accompanying notes are an integral part of this statement.

**LAFOURCHE BASIN LEVEE DISTRICT  
STATE OF LOUISIANA  
FUND FINANCIAL STATEMENTS  
STATEMENT OF REVENUES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

*Reconciliation of the change in fund balance -  
governmental fund to the change in Net Assets  
of Governmental activities:*

Net change in fund balance governmental fund \$ (1,676,724.33)

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

Governmental funds report capital outlays as  
expenditures while governmental activities  
report depreciation expense to allocate those  
expenditures over the life of the assets:

Capital asset purchases capitalized	119,164.19
Depreciation expense	(200,278.00)

Some expenses reported in the Statement of  
Activities, such as compensated absences, do  
not require use of current financial resources  
and therefore are not reported as  
expenditures in governmental funds

(3,476.00)

Some expenditures of governmental funds benefit future periods  
and not reported as expenses in the funds - Prepaid expenses

59,176.92

Some revenues are reported in Statement of Revenues,  
Expenditures and Changes in Fund Balance are accounted for as  
special items in the Statement of Activities -  
Recognition of deferred revenues

(2,165.00)

***Change in Net Assets of Governmental Activities***

**\$ (1,704,302.22)**

The accompanying notes are an integral part of this statement.

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**BASIC FINANCIAL STATEMENTS**  
Notes to the Financial Statements

**LAFOURCHE BASIN LEVEE DISTRICT  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1.A. INTRODUCTION**

The Lafourche Basin Levee District was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute (R.S.) 38:291. The Lafourche Basin Levee District is comprised of all or portions of the following parishes: Ascension, Assumption, Lafourche, St. Charles, St. James, and St. John the Baptist. The levee district primarily provides flood protection for those areas contained in the district. The governing board administers the operations and responsibilities of the levee district in accordance with the provisions of Louisiana statutes. The Board of Commissioners of the Lafourche Basin Levee District consists of eleven members appointed by the governor.

The accounting and reporting framework and the more significant accounting principles and practices of the Lafourche Basin Levee District are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the Lafourche Basin Levee District's financial activities for the year ended December 31, 2004. The Lafourche Basin Levee District implemented new reporting model standards beginning July 1, 2001. Comparability with reports of all prior years will be affected.

**1.B. FINANCIAL REPORTING ENTITY**

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

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

**1.C. BASIS OF PRESENTATION**

**Government-wide Financial Statements**

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the Lafourche Basin Levee District. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**Fund Financial Statements**

Fund financial statements of the Lafourche Basin Levee District are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on

**LAFOURCHE BASIN LEVEE DISTRICT  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Lafourche Basin Levee District or meets the following criteria:

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

The fund of the Lafourche Basin Levee District is described below:

**Governmental Fund**

**General Fund**

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

**1.D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

**Measurement Focus**

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus.

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

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

**Basis of Accounting**

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when

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FOR THE YEAR ENDED DECEMBER 31, 2004**

the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

**1.E. ASSETS, LIABILITIES, NET ASSETS AND FUND EQUITY**

**Cash and Cash Equivalents, and Investments**

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

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price.

Additional cash and investment disclosures are presented in Notes 2.B. and 3.A.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as ad valorem taxes, grants and other similar intergovernmental revenues since they are usually both measurable and available. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

**Capital Assets and Depreciation**

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

**Government-wide Statements**

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of acquisition value of \$5,000 or more are recorded at historical cost, or estimated historical cost if actual is unavailable. Donated fixed assets which are recorded at their estimated fair value at the date of donation.

**Infrastructure**

Prior to July 1, 2001, the infrastructure assets of governmental funds were not capitalized. The infrastructure assets are composed of nine floodgates that have been valued at estimated historical cost from information obtained from the U.S. Army Corps of Engineers.

The Lafourche Basin Levee District has both Mississippi River and Tributaries (MR&T) and Hurricane Protection Levees. These levees provide flood protection for most of the land areas contained within the District.

The Division of Administration, State of Louisiana, in a letter dated June 11, 2002, has advised that the Lafourche Basin Levee District does not provide major and significant improvements or maintenance to the levees that would constitute ownership under Governmental Accounting Standards Board (GASB 34) requirements. Based on guidance from the Division of Administration, the Lafourche Basin Levee District is required to report only a separate note disclosure of the MR&T and Hurricane Protection Levees in the

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financial statement. The Lafourche Basin Levee District mows grass and does minor repairs with its own workforce. Major repairs are normally made by the U.S. Corps of Engineers.

Depreciation

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

- |                              |             |
|------------------------------|-------------|
| - Buildings and improvements | 20-40 years |
| - Machinery and equipment    | 5-10 years  |

Fund Financial Statements

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

Compensated Absences

Employees of the Lafourche Basin Levee District earn and accumulate vacation and sick leave at varying rates, depending upon their years of service. The amount of vacation and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused vacation leave at the employee's hourly rate of pay at the time of termination.

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

Equity Classifications

Government-wide Statements

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

- a. Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. Restricted Net Assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted Net Assets – All other net assets that do not meet the definition of “restricted” or “investment in capital assets.”

Fund Statements

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

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**1.F. REVENUES, EXPENDITURES, AND EXPENSES**

***Property Tax***

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

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

***Expenditures/Expenses***

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

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

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

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

**NOTE 2. - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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

**2.A. FUND ACCOUNTING REQUIREMENTS**

The Lafourche Basin Levee District complies with all state laws and regulations requiring the use of separate funds. The Lafourche Basin Levee District has no legally required separate funds.

**2.B. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS**

In accordance with state law, all uninsured deposits of the Lafourche Basin Levee District in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Louisiana or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Lafourche Basin Levee District must have a written collateral agreement approved by the Lafourche Basin Levee District of directors or loan committee. As reflected in Note 3.A., all deposits were fully insured or collateralized.

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

**LAFOURCHE BASIN LEVEE DISTRICT  
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**NOTE 3. - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

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

**3.A. CASH AND INVESTMENTS**

**Deposits**

The Lafourche Basin Levee District's policies regarding deposits of cash are discussed in Note 1.E. The table presented below is designed to disclose the level of custody credit risk assumed by the Lafourche Basin Levee District based upon how its deposits were insured or secured with collateral at December 31, 2004. The categories of credit risk are defined as follows:

Category 1 – Insured by FDIC or collateralized with securities held by the Lafourche Basin Levee District or by its agent in its name

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Lafourche Basin Levee District's name

Category 3 – Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Lafourche Basin Levee District's name; or collateralized with no written or approved collateral agreement

<b>Type of Deposits</b>	<b>Total Bank Balance</b>	<b>Category</b>			<b>Total Carrying Value</b>
		<b>1</b>	<b>2</b>	<b>3</b>	
Interest Bearing	\$ 377,561	\$ 100,000	\$ 0	\$ 277,561	\$ 375,749
Demand deposits	6,313	6,313	0	0	100
<b>Total Deposits</b>	<b>\$ 383,874</b>	<b>\$ 106,313</b>	<b>\$ 0</b>	<b>\$ 277,561</b>	<b>\$ 375,849</b>

Reconciliation to Government-wide Statement of Net Assets:

Petty cash	\$ 50
Unrestricted cash	375,849
	<u>\$ 375,899</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Lafourche Basin Levee District that the fiscal agent has failed to pay deposited funds upon demand.

**Investments**

The Lafourche Basin Levee District's policies and applicable laws regarding investments are discussed in Note 1.F. and 2.C. The table presented below is designed to disclose the level of custody credit risk assumed by the Lafourche Basin Levee District based upon whether the investments are insured or registered and upon who holds the security at December 31, 2004. The categories of credit risk are defined as follows:

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Category 1 – Insured or registered with securities held by the Lafourche Basin Levee District or its agent in the Lafourche Basin Levee District's name

Category 2 – Uninsured and unregistered with securities held by counter party's trust department or agent in the Lafourche Basin Levee District's name

Category 3 – Uninsured and unregistered with securities held by the counter party or by its trust department or agent but not in the Lafourche Basin Levee District's name

Type of Investment	Category			Carrying Amount	Fair Value
	1	2	3		
U.S. Government Securities	\$ 9,307,585	\$ 0	\$ 0	\$ 9,307,585	\$ 9,304,835
Total Investments	<u>\$ 9,307,585</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,307,585</u>	<u>\$ 9,304,835</u>

Reconciliation to Government-wide Statement of Net Assets:

Unrestricted	<u>\$ 9,307,585</u>
Total Investments	<u>\$ 9,307,585</u>

**3.B. NOTES RECEIVABLE**

The District has entered into several installment sale transactions transferring title to immovable property to other political subdivisions as follows:

In November 1997, some equipment was sold to Assumption Parish Police Jury for \$22,800.00 with a down payment of \$1,140.00 and a balance receivable of \$21,660.00 to be paid in nineteen installments of \$1,140.00 due in November of each year until paid.

On August 15, 2000, a recreational facility in the Castle Estates Section of St. John the Baptist Parish was sold to the St. John the Baptist Parish Council for \$20,500.00 to be paid in annual installments of \$1,025.00 with the first due on September 1, 2000 and each year thereafter until paid.

The changes in those transactions for the year ended December 31, 2004 is as follows:

	Balance 12-31-2003	Payments Received	Balance 12-31-2004
Assumption Parish Police Jury	\$ 14,820	\$ 1,140	\$ 13,680
St. John the Baptist Parish Council	16,400	1,025	15,375
Total	<u>\$ 31,220</u>	<u>\$ 2,165</u>	<u>\$ 29,055</u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**.C. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2004, was as follows:

	<u>Balance at December 31, 2003</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at December 31 2004</u>
Government activities:				
Land	\$ 130,227			\$ 130,227
Buildings and improvements	574,167			574,167
Construction in process	0			
Machinery and equipment	2,418,983	119,164	(296,037)	2,242,110
Total Capital Assets	3,123,377	119,164	(296,037)	2,946,504
Less accumulated depreciation	(1,855,766)	(200,278)	296,037	(1,760,007)
Governmental activities capital assets, net	<u>\$ 1,267,611</u>	<u>\$ (81,114)</u>	<u>\$ 0</u>	<u>\$ 1,186,497</u>

There are 63 miles of MR&T levees that lie within the jurisdiction of the Lafourche Basin Levee District. These levees were constructed and improved over the past 100 years by both original landowners and Federal and State Governments. The estimated cost of the 63 miles of MR&T levees as of December 31, 2004 is \$30,496,032. This estimate is based on information obtained from the New Orleans District of the U.S. Army Corps of Engineers.

**3.D. INTERGOVERNMENTAL PAYABLES AND TRANSFERS**

Of all taxes collected by the Lafourche Basin Levee District from property located within certain areas of Lafourche Parish and St. Charles Parish located west of the Mississippi River, not less than 57% and 50%, respectively, of each collection shall be expended for the purposes of levee construction, levee maintenance, and other flood control and drainage works within the portions of those parishes from which the taxes were collected upon request by these parishes. These expenditures shall be in cash or in-kind services as determined by parish governing body and shall be certified as received by the parish's governing body at the end of each fiscal year. The District transferred \$1,341,197 in cash to St. Charles Parish Council.

***South Lafourche Levee District***

On May 30, 2001, the District (referred to as "LBLD") entered into a Intergovernmental Service Agreement with the South Lafourche Levee District (referred to as "SLLD"). The purpose of this agreement is to provide for an equal sharing by each district of oil and as royalty payments derived from lands owned by LBLD that are situated within the jurisdictional boundary of the SLLD. Another purpose of the agreement is to provide for the creation of a committee comprised of commissioners and managers of LBLD and SLLD to jointly undertake, study, manage or administer coastal restoration projects within the Barataria Basin area where the boundaries of the SLLD and LBLD overlap. For the year ended December 31, 2004, LBLD transferred \$66,311 to SLLD

**3.E. LONG-TERM DEBT**

**Governmental Activities**

As of December 31, 2004, the governmental long-term debt of the Lafourche Basin Levee District consists of the following:

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Accrued Compensated Absences:	
Current portion	\$ 0
Noncurrent portion	71,465
Total Governmental activity debt	<u>\$ 71,465</u>

**Changes in Long-Term Debt**

The following is a summary of changes in long-term debt for the year ended December 31, 2004:

<u>Type of Debt</u>	<u>Balance December 31, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2004</u>
Governmental Activities:				
Accrued Compensated Absences	\$ 67,989	\$ 36,136	\$ (32,660)	\$ 71,465
Total General Long-Term Debt	<u>\$ 67,989</u>	<u>\$ 36,136</u>	<u>\$ (32,660)</u>	<u>\$ 71,465</u>

**NOTE 4. - OTHER NOTES**

**4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS**

**Pension Plan**

Substantially all of the employees of the Lafourche Basin Levee District are members of the Social Security System. Covered employees are required to contribute 7.65% of their gross salary and the District matches the contribution. The District's contribution to the System for the year ended December 31, 2004 was \$79,257.40, equal to the required contribution. The District does not have any liability for employee pension benefits.

**Postemployment Health Care and Life Insurance Benefits**

The Lafourche Basin Levee District provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the Lafourche Basin Levee District's employees become eligible for these benefits if they reach normal retirement age while working for the Lafourche Basin Levee District. These benefits for retirees and similar benefits for active employees are provided through the State Employees Group Benefits Program whose monthly premiums are paid jointly by the employee and by the Lafourche Basin Levee District. The Lafourche Basin Levee District recognizes the cost of providing these benefits as an expenditure when paid during the year. For the year ended December 31, 2004, the cost of retiree benefits for seven retirees and two surviving spouses retirees totaled \$31,194.22.

**Deferred Compensation Plan**

Effective July 17, 2000, the District established a 457 Retirement Plan with Travelers Insurance Company adopting Traveler's Allocated Contracts which allows each participant to choose from four or more funds offered. This gives each participant their own account with the ability to administer their individual accounts.

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The District's contribution rate for the year was 7 % or \$58,474.21 with the employees contributing \$28,871.28.

**4.B. ESTIMATES**

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

**4.C. RISK MANAGEMENT**

The Lafourche Basin Levee District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters for which the Levee District purchases commercial insurance.

During the year ended December 31, 2004 the Levee district did not reduce insurance coverages from coverage levels in place as of December 31, 2003. No settlements have exceeded coverage levels in place during 2003, 2002, and 2001.

**Public Entity Risk Pool**

The Lafourche Basin Levee District participates in the Louisiana State Office of Risk Management (risk entity pool), which is responsible for negotiating, compromising and settling all claims including all tort claims against the Lafourche Basin Levee District.

**4.D. COMMITMENTS AND CONTINGENCIES**

**Contingencies**

**Litigation**

The Lafourche Basin Levee District is a defendant in lawsuits involving alleged personal injury. The District's legal counsel has reviewed all claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the District. The legal counsel is of the opinion that liability from suits is questionable or insurance coverage appears adequate and that no significant monetary liability is contemplated at this time or it is too early to render an opinion regarding suits. The liability amount, if any, cannot be reasonably estimated at this time.

**4.E. COMPENSATION PAID TO BOARD MEMBERS**

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

The Board President, Mr. Aubrey J. Gravois, is paid a monthly salary of \$1,000 in lieu of per diem during his term in office, as authorized by R.S. 38:308.

<u>Board Member</u>	<u>Salary</u>	<u>Amount</u>
President Kenneth Peltier	\$ 12,000	\$ 1,950
Executive Secretary, Leonard Schexnayder	4,800	
Lloyd Becnel		1,725
John Boughton		450

Carl Bourgeois		600
Leonce Carmouche, Jr.		2,475
Stanley Folse		900
Haston Lewis, Sr.		2,700
Russell Loupe		825
David J. Orgeron		2,475
Huey Stein		675
Shelley Tastet		2,550
Dudley Webre		1,650
Total	<u>\$</u>	<u>16,800</u>
	<u>\$</u>	<u>18,975</u>

#### 4.F. CHANGE OF FISCAL YEAR

The Levee District requested approval from the State of Louisiana, the Office of Governor, the Division of Administration, and the Office of Statewide Reporting and Accounting Policy, to make a change in the fiscal year of the Levee District. In January, 2004, approval was granted to change from a year end of June 30, to a year end of December 31. These financial statements are for a six month period. In the future, annual financial statements will be presented for the year ended December 31.

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## **REQUIRED SUPPLEMENTARY INFORMATION(PART 2)**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

Budgetary Comparison Schedules – General Fund

LAFOURCHE BASIN LEVEE DISTRICT  
STATE OF LOUISIANA  
BUDGETARY COMPARISON SCHEDULE- GENERAL FUND  
FUND BASIS (GAAP)  
FOR THE YEAR ENDED DECEMBER 31, 2004

	ORIGINAL BUDGET *	ACTUAL	FINAL BUDGET TO ACTUAL POSITIVE(NEGATIVE)
<b>Revenues:</b>			
<b>Taxes -</b>			
Ad Valorem taxes and interest	\$ 1,903,494.00	\$ 2,156,536.69	\$ 253,042.69
Intergovernmental revenues -			
State revenue sharing	62,400.00	73,554.00	11,154.00
Department of Transportation and Development		68,874.70	68,874.70
Use of money and property -			
Interest earned	132,000.00	142,868.24	10,868.24
Royalties and leases	206,000.00	211,898.25	5,898.25
Permits and fees	3,000.00	3,900.00	900.00
Miscellaneous			
Environmental settlement	100,283.44	100,283.44	100,283.44
Other revenues	1,525.00	43,758.62	42,233.62
<b>TOTAL REVENUES</b>	<u>2,308,419.00</u>	<u>2,801,673.94</u>	<u>493,254.94</u>
<b>Expenditures:</b>			
Total personal services and related benefits	1,538,200.00	1,474,066.86	64,133.14
Travel	28,000.00	31,106.04	(3,106.04)
Operating services	767,417.00	629,575.59	137,841.41
Professional services	167,900.00	804,431.10	(636,531.10)
Other charges	1,805,544.00	6,147.64	1,799,396.36
Intergovernmental transfers	860,425.00	1,413,906.85	(553,481.85)
Capital outlays	249,100.00	119,164.19	129,935.81
<b>Total Expenditures</b>	<u>5,416,586.00</u>	<u>4,478,398.27</u>	<u>938,187.73</u>
<b>Excess of Revenues (Expenditures)</b>	(3,108,167.00)	(1,676,724.33)	1,431,442.67
<b>Fund Balance - December 31, 2003</b>	12,085,043.42	12,085,043.42	0.00
<b>Fund Balance - December 31, 2004</b>	<u>\$ 8,976,876.42</u>	<u>\$ 10,408,319.09</u>	<u>\$ 1,431,442.67</u>

\* Original Budget was not amended.

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

The following pages contain a report on compliance with laws and regulations and on internal control over financial reporting as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material misstatements in internal control or compliance matters that would be material to the presented financial statements.

**Leroy J. Chustz**

Certified Public Accountant, APAC

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Denham Springs, LA 70727-0158

225/667-2700

Fax: 225/667-3553

and

**Beverly A. Ryall**

Certified Public Accountant

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Baton Rouge, LA 70817

225/752-5147

Fax: 225/752-5147

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

**Board Members of  
Lafourche Basin Levee District  
State of Louisiana  
Vacherie, Louisiana**

We have audited the basic financial statements of the **Lafourche Basin Levee District**, a component unit of the State of Louisiana, as of and for the year ended December 31, 2004, and have issued our report thereon dated June 21, 2005. 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, and the *Louisiana Governmental Audit Guide*.

***Compliance***

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

***Internal Control Over Financial Reporting***

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

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This report is intended for the information and use of the **Lafourche Basin Levee District** and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate officials.

*Leroy J. Chustz*  
Certified Public Accountant, APAC  
June 21, 2005

*Beverly A. Ryall*  
Certified Public Accountant

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**LAFOURCHE BASIN LEVEE DISTRICT  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**SUMMARY OF AUDIT RESULTS**

The auditors' report expresses an unqualified opinion on the basic financial statements of Lafourche Basin Levee District.

No reportable conditions were disclosed during the audit of the basic financial statements.

No instances of noncompliance were disclosed during the audit of the basic financial statements.

There were no federal awards received by Lafourche Basin Levee District.

**FINDINGS--FINANCIAL STATEMENTS AUDIT**

**NONE**

**LAFOURCHE BASIN LEVEE DISTRICT  
RESOLUTION OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

A management letter was issued in conjunction with the audit of the six months ended December 31, 2003. There was only one finding as detailed below.

**2003-1**      *The District maintains its records on the cash basis of accounting. At the end of the fiscal period, the District's contract accountant enters the cash transaction balances on his automated trial balance system and enters accruals necessary to convert the cash transactions to the accrual basis. As a result of this practice, accruals of receivables and payables are never recorded on the accounting records of the Levee District. Additionally, any adjustments proposed by the auditors and accepted by management are never recorded on the District's accounting system nor on the contract accountant's trial balance. This practice has resulted in errors in the trial balance provided for audit each year. For the six months ended December 31, 2003 it was necessary to extend auditing procedures to because of these errors.*

***Current Year Status:***

The District consolidated its accounting during the year 2004 and now has all entries recorded on its general ledger. We believe this finding has been resolved.

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**SUPPLEMENTAL INFORMATION REQUIRED BY**  
**STATE OF LOUISIANA**  
**DIVISION OF ADMINISTRATION**  
**OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY**

The following pages contain a report on the Lafourche Basin Levee District's Annual Financial Report prepared in accordance with the requirements of the Louisiana Division of Administration, Office of Statewide Reporting and Accounting Policy.

**STATE OF LOUISIANA  
LAFOURCHE BASIN LEVEE DISTRICT  
BALANCE SHEET  
AS OF December 31, 2004**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents (Note C1)	\$	<u>375,898</u>
Investments (Note C2)		<u>9,307,585</u>
Receivables (net of allowance for doubtful accounts)(Note U)		<u>2,325,411</u>
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		<u>59,177</u>
Notes receivable		<u>29,055</u>
Other current assets		
Total current assets		<u>12,097,126</u>

**NONCURRENT ASSETS:**

Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Notes receivable		
Capital assets (net of depreciation)(Note D)		
Land		<u>130,227</u>
Buildings and improvements		<u>433,036</u>
Machinery and equipment		<u>623,232</u>
Infrastructure		
Construction in progress		
Other noncurrent assets		
Total noncurrent assets		<u>1,186,497</u>
Total assets	\$	<u>13,283,623</u>

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable and accruals (Note V)	\$	<u>1,405,582</u>
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		<u>190,905</u>
Amounts held in custody for others		
Other current liabilities		<u>4,088</u>
Current portion of long-term liabilities:		
Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		
Capital lease obligations - (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total current liabilities		<u>1,600,575</u>

**NON-CURRENT LIABILITIES:**

Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		<u>71,465</u>
Capital lease obligations (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total long-term liabilities		<u>71,465</u>
Total liabilities		<u>1,672,040</u>

**NET ASSETS**

Invested in capital assets, net of related debt		<u>1,186,497</u>
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		
Unrestricted		<u>10,425,086</u>
Total net assets		<u>11,611,583</u>
Total liabilities and net assets	\$	<u>13,283,623</u>

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

Statement A

**STATE OF LOUISIANA  
LAFOURCHE BASIN LEVEE DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

<b>OPERATING REVENUES</b>	
Sales of commodities and services	\$ _____
Assessments	_____
Use of money and property	354,766
Licenses, permits, and fees	3,900
Other	_____
Total operating revenues	<u>358,666</u>
<b>OPERATING EXPENSES</b>	
Cost of sales and services	_____
Administrative	4,303,533
Depreciation	200,278
Amortization	_____
Total operating expenses	<u>4,503,811</u>
Operating income(loss)	<u>(4,145,145)</u>
<b>NON-OPERATING REVENUES(EXPENSES)</b>	
State appropriations	_____
Intergovernmental revenues (expenses)	73,554
Taxes	2,156,537
Use of money and property	_____
Gain (loss) on disposal of fixed assets	_____
Federal grants	_____
Interest expense	_____
Other	210,752
Total non-operating revenues(expenses)	<u>2,440,843</u>
Income(loss) before contributions and transfers	<u>(1,704,302)</u>
Capital contributions	_____
Transfers in	_____
Transfers out	_____
Change in net assets	<u>(1,704,302)</u>
Total net assets – beginning as restated	<u>13,315,885</u>
Total net assets – ending	<u>\$ 11,611,583</u>

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

Statement B

STATE OF LOUISIANA  
LAFOURCHE BASIN LEVEE DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER, 2004

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Entity	\$ <u>4,503,811</u>	\$ _____	\$ _____	\$ <u>(4,503,811)</u>
General revenues:				
Taxes				<u>2,156,537</u>
State appropriations				_____
Grants and contributions not restricted to specific programs				_____
Interest				<u>142,868</u>
Miscellaneous				<u>500,104</u>
Special items				_____
Transfers				_____
Total general revenues, special items, and transfers				<u>2,799,509</u>
Change in net assets				<u>(1,704,302)</u>
Net assets - beginning				<u>13,315,885</u>
Net assets - ending				\$ <u><u>11,611,583</u></u>

**STATE OF LOUISIANA  
LAFOURCHE BASIN LEVEE DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

<b>Cash flows from operating activities</b>		
Cash received from customers	\$	(1,007,922)
Cash payments to suppliers for goods and services		
Cash payments to employees for services		(1,477,393)
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		2,244,675
Net cash provided(used) by operating activities		<u>(240,640)</u>
<b>Cash flows from non-capital financing activities</b>		
State appropriations		73,554
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		
Other		307,219
Transfers In		
Transfers Out		
Net cash provided(used) by non-capital financing activities		<u>380,773</u>
<b>Cash flows from capital and related financing</b>		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets		
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital related financing activities		<u>-</u>
<b>Cash flows from investing activities</b>		
Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities		
Net cash provided(used) by investing activities		<u>-</u>
Net increase(decrease) in cash and cash equivalents		<u>140,133</u>
Cash and cash equivalents at beginning of year		<u>235,765</u>
Cash and cash equivalents at end of year	\$	<u><u>375,898</u></u>

The accompanying notes are an integral part of this statement.

Statement D

**STATE OF LOUISIANA  
LAFORCHE BASIN LEVEE DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

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

Operating income(loss)		\$ <u>(1,704,302)</u>
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	<u>200,278</u>	
Provision for uncollectible accounts	<u>                    </u>	
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	<u>(5,646)</u>	
(Increase)decrease in due from other funds	<u>                    </u>	
(Increase)decrease in prepayments	<u>(59,177)</u>	
(Increase)decrease in inventories	<u>                    </u>	
(Increase)decrease in other assets	<u>2,165</u>	
Increase(decrease) in accounts payable and accruals	<u>1,164,536</u>	
Increase(decrease) in accrued payroll and related benefits	<u>34,148</u>	
Increase(decrease) in compensated absences payable	<u>3,476</u>	
Increase(decrease) in due to other funds	<u>                    </u>	
Increase(decrease) in deferred revenues	<u>119,794</u>	
Increase(decrease) in other liabilities	<u>4,088</u>	
 Net cash provided(used) by operating activities		 \$ <u><u>(240,640)</u></u>

**Schedule of noncash investing, capital, and financing activities: N/A**

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

(Concluded)

The accompanying notes are an integral part of this statement.

Statement D

STATE OF LOUISIANA  
LAFOURCHE BASIN LEVEE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2004

**INTRODUCTION**

The LAFOURCHE BASIN LEVEE DISTRICT was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38:291. The following is a brief description of the operations of LAFOURCHE BASIN LEVEE DISTRICT, which includes the parish/parishes in which the LAFOURCHE BASIN LEVEE DISTRICT is located: To provide flood control in Ascension, Assumption, Lafourche, St. Charles, St. James, and St. John parishes.

**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 LAFOURCHE BASIN LEVEE DISTRICT present information only as to the transactions of the programs of the LAFOURCHE BASIN LEVEE DISTRICT as authorized by Louisiana statutes and administrative regulations.

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

The accounts of the LAFOURCHE BASIN LEVEE DISTRICT are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

**Revenue Recognition**

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

**Expense Recognition**

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

**B. BUDGETARY ACCOUNTING**

The appropriations made for the operations of the various programs of the LAFOURCHE BASIN LEVEE DISTRICT are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative 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 as follows:

STATE OF LOUISIANA  
LAFOURCHE BASIN LEVEE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2004

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>5,416,586</u>
Amendments:	<hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/>
Final approved budget	\$ <u><u>5,416,586</u></u>

**C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS** (if all agency cash and investments are deposited in the State Treasury, disregard Note C.)

**1. DEPOSITS WITH FINANCIAL INSTITUTIONS**

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the LAFOURCHE BASIN LEVEE DISTRICT may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the LAFOURCHE BASIN LEVEE DISTRICT may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

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

Following the issuance of GASB Statement 3, deposits were classified into three categories of custodial credit risk depending on whether they were insured or collateralized, and who held the collateral and how it was held.

**Category 1** – Deposits that are covered by insurance (FDIC) or collateralized with securities that are held by the entity in the entity's name or registered in the entity's name. **(separate disclosure no longer required)**

**Category 2** – Deposits that are not insured but are collateralized with securities that are held by the financial institution's trust department or agent and are in the entity's name. **(separate disclosure no longer required)**

**Category 3** – Deposits that are not covered by insurance and also are not collateralized. Not collateralized includes when the securities (collateral) are held by the financial institution's trust department or agent and they are not in the entity's name. **(separate disclosure still required)**

**GASB Statement 40 only requires any category 3 deposits to be disclosed in the custodial credit risk section of Note C. If an entity has deposits exposed to custodial credit risk category 3, it**

STATE OF LOUISIANA  
 LAFOURCHE BASIN LEVEE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2004

should disclose the amount of those balances, the fact that they are uninsured, and whether the balances are either uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at December 31, 2004, consisted of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Deposits in bank accounts per balance sheet	\$ 375,848	\$ _____	\$ _____	\$ 375,848
Bank balances (category 3 only, if any) Identify amounts reported as category 3 by the descriptions below:				
a. Uninsured and uncollateralized	\$ _____	\$ _____	\$ _____	\$ _____
b. Uninsured and collateralized with securities held by the pledging institution	_____	_____	_____	_____
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent <u>but not in the entity's name</u>	277,561	_____	_____	277,561
<b>Total category 3 bank balances</b>	<b>\$ 277,561</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ 277,561</b>
<b>Total bank balances (All categories including category 3 reported above)</b>	<b>\$ 383,874</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ 383,874</b>

NOTE: The "Total Bank Balances" will not necessarily equal the "Deposits in Bank Account per Balance Sheet".

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

	<u>Banking institution</u>	<u>Program</u>	<u>Amount</u>
1.	First American Bank	General Fund	\$ 375,848
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
Total			\$ 375,848

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	\$ 0
Petty cash	\$ 50



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The institution does not invest in **derivatives** as part of its investment policy. Accordingly, the exposure to risks from these investments is as follows:

credit risk                     none                      
market risk                     none                      
legal risk                     none                    

**D. CAPITAL ASSETS – INCLUDING CAPITAL LEASES ASSETS**

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

	Year ended December 31, 2004						
	Balance 12/31/2003	Prior Period Adjustment	Adjusted Balance 12/31/2003	Additions	Transfers*	Retirements	Balance 12/31/2004
<b>Capital assets not being depreciated</b>							
Land	130,227		130,227				130,227
Non-depreciable land improvements			-				-
Capitalized collections			-				-
Construction in progress			-				-
<b>Total capital assets not being depreciated</b>	<b>130,227</b>	<b>-</b>	<b>130,227</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>130,227</b>
<b>Other capital assets</b>							
Furniture, fixtures, and equipment	2,418,983		2,418,983	119,164		(296,037)	2,242,110
Less accumulated depreciation	(1,725,091)		(1,725,091)	(189,824)		296,037	(1,618,878)
Total furniture, fixtures, and equipment	693,892	-	693,892	(70,660)	-	-	623,232
Buildings and improvements	574,167		574,167				574,167
Less accumulated depreciation	(130,675)		(130,675)	(10,454)			(141,129)
Total buildings and improvements	443,492	-	443,492	(10,454)	-	-	433,038
Depreciable land improvements			-				-
Less accumulated depreciation			-				-
Total depreciable land improvements	-	-	-	-	-	-	-
Infrastructure			-				-
Less accumulated depreciation			-				-
Total infrastructure	-	-	-	-	-	-	-
<b>Total other capital assets</b>	<b>1,137,384</b>	<b>-</b>	<b>1,137,384</b>	<b>(81,114)</b>	<b>-</b>	<b>-</b>	<b>1,056,270</b>
<b>Capital Asset Summary:</b>							
Capital assets not being depreciated	130,227	-	130,227	-	-	-	130,227
Other capital assets, at cost	2,993,150	-	2,993,150	119,164	-	(296,037)	2,816,277
Total cost of capital assets	3,123,377	-	3,123,377	119,164	-	(296,037)	2,946,504
Less accumulated depreciation	(1,855,766)	-	(1,855,766)	(200,278)	-	296,037	(1,760,007)
<b>Capital assets, net</b>	<b>1,267,611</b>	<b>-</b>	<b>1,267,611</b>	<b>(81,114)</b>	<b>-</b>	<b>-</b>	<b>1,186,497</b>

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

STATE OF LOUISIANA  
LAFOURCHE BASIN LEVEE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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**E. INVENTORIES**

The LAFOURCHE BASIN LEVEE DISTRICT had no inventory at December 31, 2004.

**F. RESTRICTED ASSETS**

The LAFOURCHE BASIN LEVEE DISTRICT had no restricted assets at December 31, 2004.

**G. LEAVE**

**1. COMPENSATED ABSENCES**

The LAFOURCHE BASIN LEVEE DISTRICT has the following policy on annual and sick leave:

*An example disclosure follows:*

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

**H. RETIREMENT SYSTEM**

Effective July 17, 2000 LAFOURCHE BASIN LEVEE DISTRICT established a 457 Retirement Plan with Traveler's Insurance Company adopting Traveler's Allocated Contracts which allows each participant to choose from four or more plans offered. That gives each participant their own account with the ability to administer their individual accounts.

The District's contribution rate for the year ended December 31, 2004 was 7% or \$58,474 with employees contributing \$28,871.

**I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

GASB 12 requires the following disclosures about an employer's accounting for post retirement health care and life insurance benefits:

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

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

Substantially all LAFOURCHE BASIN LEVEE DISTRICT employees become eligible for post employment health care, dental and life insurance benefits if they reach normal retirement age while working for the LAFOURCHE BASIN LEVEE DISTRICT. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee

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and the LAFOURCHE BASIN LEVEE DISTRICT. For 2004, the cost of providing those benefits for seven retirees and two spouses totaled \$31,194.

**J. LEASES**

LAFOURCHE BASIN LEVEE DISTRICT had no leases at December 31, 2004

**K. LONG-TERM LIABILITIES**

The following is a summary of long-term debt transactions of the entity for the year ended December 31, 2004:

	Balance Dec 31, 2003	Year ended December 31, 2004		Balance Dec 31, 2004	Amounts due within one year
		Additions	Reductions		
<b>Bonds and notes payable:</b>					
Notes payable	\$	\$	\$	\$	\$
Reimbursement contracts payable				--	
Bonds payable				--	
Total notes and bonds	--	--	--	--	--
<b>Other liabilities:</b>					
Contracts payable				--	
Compensated absences payable	67,989	36,136	32,660	71,465	N/A
Capital lease obligations				--	
Liabilities payable from restricted assets				--	
Claims and litigation				--	
Other long-term liabilities				--	
Total other liabilities	67,989	36,136	32,660	71,465	N/A
Total long-term liabilities	67,989	36,136	32,660	71,465	N/A

**L. LITIGATION**

The LAFOURCHE BASIN LEVEE DISTRICT had no litigation at December 31, 2004.

**M. RELATED PARTY TRANSACTIONS**

The LAFOURCHE BASIN LEVEE DISTRICT had no related party transactions during calendar year ending December 31, 2004.

**N. ACCOUNTING CHANGES**

The LAFOURCHE BASIN LEVEE DISTRICT had no accounting changes during calendar year ending December 31, 2004.

**O. IN-KIND CONTRIBUTIONS**

The LAFOURCHE BASIN LEVEE DISTRICT had no in-kind contributions during calendar year ending December 31, 2004.

STATE OF LOUISIANA  
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**P. DEFEASED ISSUES**

The LAFOURCHE BASIN LEVEE DISTRICT had no defeased issues during calender year ending December 31, 2004.

**Q. COOPERATIVE ENDEAVORS**

The LAFOURCHE BASIN LEVEE DISTRICT had no cooperative endeavors during calender year ending December 31, 2004.

**R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)**

The LAFOURCHE BASIN LEVEE DISTRICT had no government-mandated nonexchange transactions (grants) during calender year ending December 31, 2004.

**S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS**

The LAFOURCHE BASIN LEVEE DISTRICT had no violations of finance-related legal or contractual provisions during calender year ending December 31, 2004.

**T. SHORT-TERM DEBT**

The LAFOURCHE BASIN LEVEE DISTRICT had no short-term debt at December 31, 2004.

**U. DISAGGREGATION OF RECEIVABLE BALANCES**

Receivables at December 31, 2004, were as follows:

Activity	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
General Fund	\$ 29,055	\$ 2,285,561	\$ -	\$ 39,850	\$ 2,354,466
Gross receivables	\$ 29,055	\$ 2,285,561	\$ -	\$ 39,850	\$ 2,354,466
Less allowance for uncollectible accounts	-	-	-	-	-
Receivables, net	\$ 29,055	\$ 2,285,561	\$ -	\$ 39,850	\$ 2,354,466
Amounts not scheduled for collection during the subsequent year	\$ N/A	\$ -	\$ -	\$ -	\$ -

**V. DISAGGREGATION OF PAYABLE BALANCES**

Payables at December 31, 2004, were as follows:

Activity	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
General Fund	\$ 23,695	\$ 66,572	\$ -	\$ 1,315,315	\$ 1,405,582
Total payables	\$ 23,695	\$ 66,572	\$ -	\$ 1,315,315	\$ 1,405,582

STATE OF LOUISIANA  
LAFOURCHE BASIN LEVEE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2004

**W. SUBSEQUENT EVENTS**

The LAFOURCHE BASIN LEVEE DISTRICT had no subsequent events since December 31, 2003.

**X. SEGMENT INFORMATION**

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

LAFOURCHE BASIN LEVEE DISTRICT contains 63 miles of levee, which is main line Mississippi River Levee. This levee was constructed under the Mississippi River and Tributaries Project at an average cost of \$484,064\* per mile for a total cost of \$30,496,032.

The Federal Flood Control Act of 1928 gave authorization to begin the Mississippi River and Tributaries Project, which is managed by the United States Army Corps of Engineers. Before the Flood Control Act of 1928, dikes and levees were built initially by landowners and improved by state and local governments.

The Mississippi River Levees provide flood protection to the residents, businesses, and industries of Louisiana. Without the levee system, Louisiana would not exist as we know it today.

\*Cost data derived from information provided by the U. S. Army Corps of Engineers, Ne Orleans District.

**A. Condensed balance sheet:**

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

Condensed Balance sheet:

	<u>Segment #1</u>	<u>Segment #2</u>
Current assets	\$ 12,097,126	\$ _____
Due from other funds	_____	_____
Capital assets	1,186,497	_____
Other assets	_____	_____
Current liabilities	1,600,573	_____
Due to other funds	_____	_____
Long-term liabilities	71,465	_____
Restricted net assets	_____	_____
Unrestricted net assets	_____	_____
Invested in capital assets, net of related debt	11,611,583	_____

STATE OF LOUISIANA  
 LAFOURCHE BASIN LEVEE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2004

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

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

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

	<u>Segment #1</u>	<u>Segment #2</u>
Operating revenues	\$ 358,666	\$ _____
Operating expenses	4,303,533	_____
Depreciation and amortization	200,278	_____
Operating income (loss)	(4,145,145)	-
Nonoperating revenues (expenses)	2,440,843	_____
Capital contributions/additions to permanent and term endowments	_____	_____
Special and extraordinary items	_____	_____
Transfers in	_____	_____
Transfers out	_____	_____
Change in net assets	(1,704,302)	-
Beginning net assets	13,315,885	_____
Ending net assets	11,611,583	-

C. Condensed statement of cash flows:

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

Condensed Statement of Cash Flows:

	<u>Segment #1</u>	<u>Segment #2</u>
Net cash provided (used) by operating activities	\$ (240,640)	\$ _____
Net cash provided (used) by noncapital financing activities	380,773	_____
Net cash provided (used) by capital and related financing activities	0	_____
Net cash provided (used) by investing activities	0	_____
Beginning cash and cash equivalent balances	235,765	_____
Ending cash and cash equivalent balances	375,898	-

STATE OF LOUISIANA  
LAFOURCHE BASIN LEVEE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2004

**Y. DUE TO/DUE FROM AND TRANSFERS**

LAFOURCHE BASIN LEVEE DISTRICT had no due to/due from and transfers at December 31, 2004.

**Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS**

LAFOURCHE BASIN LEVEE DISTRICT had no liabilities payable from restricted assets at December 31, 2004.

**AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS**

There was no restatement of net assets at December 31, 2004.

**STATE OF LOUISIANA  
LAFOURCHE BASIN LEVEE DISTRICT  
TO BOARD MEMBERS  
For the Year Ended December 31, 2004**

<u>Name</u>	<u>Amount</u>
Lloyd Becnel	\$ 1,725
Calice Bonadona	0
Carl Bourgeois	600
Leonce Carmouche, Jr.	2,475
Hasten Lewis	2,700
David Orgeron	2,475
Kenneth Peltier	1,950
Leroy Sullivan, Jr.	0
Shelly Tastet	2,550
Dudley Webre	1,650
Stanley Folse	900
Russell Loupe	825
Huey Stein	675
John Boughton	450
	\$ <u>18,975</u>

**STATE OF LOUISIANA  
LAFOURCHE BASIN LEVEE DISTRICT  
SCHEDULE OF STATE FUNDING  
For the Year Ended December 31, 2004**

<u>Description of Funding</u>	<u>Amount</u>
1. <u>State Revenue Sharing</u>	\$ <u>73,554</u>
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
9. _____	_____
10. _____	_____
<b>Total</b>	\$ <b><u>73,554</u></b>

STATE OF LOUISIANA  
LAFOURCHE BASIN LEVEE DISTRICT

COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the state and reason for the changes in the budget, please complete the schedule below. If the change is greater than 10%, explain the reason for the change.

	<u>2004</u>	<u>2003</u>	<u>Difference</u>	<u>Change</u>
1) Revenues	\$ 2,799,509	\$ 2,387,412	412,097	\$ 14.7
Expenses	4,503,811	2,102,790	2,401,021	53.3
2) Capital assets	1,186,497	1,267,611	(81,114)	6.8
Long-term debt	71,465	67,989	3,476	4.8
Net Assets	11,611,583	13,315,885	(1,704,302)	14.6

Explanation for change: Calendar year 2003 was for six months and there was a \$854,496 increase in intergovernmental transfers during 2004.

3)	<u>2004 Original Budget</u>	<u>2004 Final Budget</u>	<u>Difference</u>	<u>Percentage Change</u>
Revenues	\$ 2,308,419	\$ 2,308,419	\$ 0	\$ 0
Expenditures	5,416,586	5,416,586	0	0

Explanation of change: \_\_\_\_\_

	<u>2004 Final Budget</u>	<u>2004 Actual Budget</u>	<u>Difference</u>	<u>Percentage Change</u>
Revenues	_____	_____	_____	_____
Expenditures	_____	_____	_____	_____

Explanation of change: \_\_\_\_\_