

2010

**LAFOURCHE BASIN LEVEE DISTRICT
STATE OF LOUISIANA**

**Basic Financial Statements
and Independent Auditor's Report**

**As of and for the Six Months Ended December 31, 2005
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 7-7-09

LAFOURCHE BASIN LEVEE DISTRICT
P. O. BOX 670
21300 HIGHWAY 30
VACHERIE, LOUISIANA, 70090
(225) 265-7148

GOVERNING BOARD

President Anthony J. Orsvois	-	St. James Parish
Vice President Leroy Sullivan, Sr.	-	Assumption Parish
Lloyd Brunel	-	St. James Parish
Calvin Bonadonna	-	Assumption Parish
Carl Beaupre	-	LaFourche Parish
Leonard Camaracha, Jr.	-	Assumption Parish
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Shelley Thayer	-	St. Charles Parish
Dudley Walker	-	St. Charles Parish

Randy J. Trovclair, Administrative Manager

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Leroy J. Chuzt

Certified Public Accountant, CPA/C

P. O. Box 88

Denham Springs, LA 70725-0088

225/687-2700

Fax 225/687-0888

and

Beverly A. Ryall

Certified Public Accountant

7824 Presidents Dr.

Baton Rouge, LA 70803

225/752-8247

Fax 225/752-8347

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 six months ended December 31, 2003, 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 Government Audit Code*. Those standards and the code 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 accounts 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 six months ended December 31, 2003, and the results of its operations for the six months 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, 2004, 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.

This audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the LaSalle-Basis Levee District's basic financial statements. The accompanying supplementary information, such as the Division of Administration Reporting packet, 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 LaSalle-Basis 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.

Larry J. Christy

Certified Public Accountant, APAC

June 21, 2004

Annealy A. Russell

Certified Public Accountant

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

**STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2000**

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 six months ended December 31, 2000. This document focuses on the six month's activities, resulting changes, and currently known facts. Please read this document in conjunction with the Lafourche Basin Levee District's financial statements.

FINANCIAL HIGHLIGHTS

1. The Lafourche Basin Levee District's assets exceeded its liabilities for the six months ended December 31, 2000 by \$15,313,883, which represents a 17% increase from last fiscal year.
2. The Lafourche Basin Levee District had total revenues of \$2,387,412 for the six months ended December 31, 2000, which represents a decrease of \$1,179,336. Total expenditures for the six months ended December 31, 2000 are \$2,302,790, which represents a decrease of \$1,816,671. These decreases are due primarily to changing from a fiscal year to a calendar year and therefore includes only six months of revenues and expenditures.
3. The Lafourche Basin Levee District's cash and investments of \$18,643,368 at December 31, 2000 represents a decrease of \$1,892,631 from prior year.
4. The Lafourche Basin Levee District had accounts receivable of \$2,379,793 and accounts payable of \$278,640 at December 31, 2000. The accounts receivable has an increase of \$2,131,670 over prior year and accounts payable and accounts have an increase of \$287,380 over prior year.
5. The Lafourche Basin Levee District had property tax revenues of \$2,161,972 for the six months ended December 31, 2000, a decrease of \$188,693. Property tax revenues represent 91% of all revenues not including the refund of \$17,646 from DDTD for reimbursement of expenses.
6. The Lafourche Basin Levee District had total revenues of \$2,387,412 and total expenditures of \$2,302,790 an increase in net assets of \$284,622 at December 31, 2000.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for the Lafourche Basin Levee District established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



**STATE OF LOUISIANA
LAFOURCIE BASIN LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2003**

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 annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Lafourcade Basin Levee District as a whole and present a longer-term view of the District's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets and the Statement of Activities report the District's net assets and changes in them. You can think of the District's net assets, the difference between assets and liabilities, as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating.

The fund financial statements consist of the balance sheet and statement of revenues, expenditures, and changes in fund balances.

All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's activities as well as what remains for future spending.

STATE OF LOUISIANA
 LAFOURCHE BASIN LEVEE DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2000

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets
 for the year ended June 30, 2000 and for the month ended December 31, 2000

	Total	
	12/31/00	06/30/00
Current and other assets	\$ 12,384,375	\$ 12,072,860
Capital assets	1,267,811	1,103,628
Total assets	<u>13,652,186</u>	<u>13,176,488</u>
Other liabilities	378,019	80,527
Long-term debt maturing	87,888	85,852
Total liabilities	<u>465,907</u>	<u>166,379</u>
Net assets:		
Invested in capital assets, net of debt	1,267,811	1,103,628
Restricted		
Unrestricted	12,384,374	11,997,598
Total net assets	<u>\$ 13,652,186</u>	<u>\$ 13,101,226</u>

Net assets of LaFourche Basin Levee District increased by \$294,521 from prior year.

**STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2003**

**Statement of Activities and Changes in Fund Net Assets
for the year ended June 30, 2003 and the six months ended December 31, 2003**

	<u>Total</u>	
	<u>2003</u>	<u>2002</u>
Operating revenues	2,987,412	3,008,098
Operating expenses	(2,193,390)	(2,019,281)
Operating income/loss	<u>794,022</u>	<u>(111,183)</u>
Non-operating income/expenses		
Income/loss before transfers	<u>794,022</u>	<u>(111,183)</u>
Transfers in		
Transfers out		
Net increase/decrease in net assets	<u>794,022</u>	<u>(111,183)</u>

The Lafourche Basin Levee District total revenues decreased by \$1,118,185 while expenses decreased by \$1,814,271 from the previous year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2003, the Lafourche Basin Levee District had \$1,267,411 net of depreciation invested in a broad range of capital assets (See Table below). This amount represents a net increase (including additions and deletions) of \$193,944 from the previous year.

STATE OF LOUISIANA
 LAFOURCHE BASIN LEVEE DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2003

Capital Assets at Year end
 (Net of Depreciation)

	<u>12/31/03</u>	<u>06/30/03</u>
Land	\$ 136,227	\$ 136,227
Buildings and improvements	443,892	448,719
Equipment	593,892	524,581
	<u>1,174,011</u>	<u>1,109,527</u>
Totals	\$ <u>1,174,011</u>	\$ <u>1,109,527</u>

Note:

The Lafourche Basin Levee District had obligation for compensated statuses of \$97,919.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Actual revenues were approximately \$144,719 over budget due in part to increased ad valorem tax revenue and royalties over a six-month period. Expenses were less because the feasibility study of Donaldsonville to the Gulf of Mexico Flood Control did no 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:

- Revenue from ad valorem taxes increasing due to increase in property values.
- Increasing costs of employee salaries and related benefits.
- Increasing insurance costs for liability and hospitalization costs.
- 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 employee salaries and related benefits to only civil service rate increase.
- Improving interest rates as provided by investment analysis.
- The Donaldsonville to Gulf of Mexico Feasibility Study to be in full operation.

**STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2003**

CONTACTING THE LAFOURCHE BASIN LEVEE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, employees, 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 Boyers, Internal Accountant, telephone and fax 337-622-1611.

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, 2005

ASSETS

Current Assets	
Cash	\$ 273,764.91
Investments	9,897,329.07
Ad valorem taxes receivable	3,241,233.76
Fees and royalties receivable	7,748.87
Refunds	562.58
Notes receivable	38,220.00
Total Current Assets	<u>13,388,719.19</u>
Noncurrent Assets	
Capital assets	
Land	130,227.00
Buildings and improvements	574,166.58
Machinery and equipment	2,418,783.00
Accumulated depreciation	<u>(2,894,789.83)</u>
Total noncurrent assets	<u>1,228,386.75</u>
TOTAL ASSETS	<u><u>14,617,105.94</u></u>

LIABILITIES

Current Liabilities	
Accounts payable	136,233.06
Accounts salaries payable	28,787.17
Payroll deductions and amounts	2,671.05
Due to South Lafourche Levee District	38,220.00
Deferred Revenue - Taxes	71,311.55
Total Current Liabilities	<u>277,222.83</u>
Noncurrent Liabilities	
Compensated absences	<u>67,369.00</u>
Total Noncurrent Liabilities	<u>67,369.00</u>
TOTAL LIABILITIES	<u><u>344,591.83</u></u>

NET ASSETS

Investment in capital assets	1,228,386.75
Unrestricted	<u>12,388,719.19</u>
TOTAL NET ASSETS	<u><u>\$ 13,617,105.94</u></u>

The accompanying notes are an integral part of this statement.

LAPOURCHE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
SIX MONTHS ENDED DECEMBER 31, 2003

GOVERNMENTAL ACTIVITIES:

Public Safety - Flood Protection

Personnel services and related benefits	\$ 691,126.71
Taxes	8,256.71
Operating services	281,363.26
Professional services	527,952.84
Other charges	563,316.78
Capital outlay	11,672.23
Expenditures in excess	108,615.00
Total Governmental Activities	<u><u>2,152,703.53</u></u>

General Revenue

Taxes -	
Ad Valorem taxes and interest	2,150,971.87
Intergovernmental revenues -	
State revenue sharing	24,328.08
Department of Transportation and Development St. John Parish	17,685.81
2,917.08	
Use of money and property -	
Interest earned	68,442.75
Royalties and leases	126,870.84
Permits and fees	2,200.00
Miscellaneous	
Other revenues	2,050.73
Total General Revenue	<u><u>2,387,412.96</u></u>

Income (Decrease) in net assets 234,709.43

BEGINNING NET ASSETS 13,026,362.24

ENDING NET ASSETS \$ 13,261,071.67

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, 2003

ASSETS

Cash	\$ 235,704.00
Investments	9,807,523.37
Advances from receivable	2,311,293.56
Rents and royalties receivable	7,748.87
Refunds	782.59
Notes receivable	30,220.00
Total Assets	<u>\$ 13,399,375.39</u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 134,522.91
Accrued salaries payable	29,528.41
Payroll deductions and accruals	2,899.81
Due to South Lafourche Levee District	38,251.80
Deferred Revenues	162,595.24
Total Liabilities	<u>\$ 367,828.18</u>

Fund Balance

Designated for levee protection	\$ 1,500,000.00
Designated for encroachments	270,000.00
Undesignated	16,345,345.42
Total Fund Balance	<u>\$ 17,115,345.42</u>

TOTAL LIABILITIES AND FUND BALANCE

\$ 17,483,375.39

Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities

Total governmental fund balance available for governmental activities in the Statement of Net Assets for different locations	\$ 11,993,041.42
Capital assets used in governmental activities are not reported separately but they are not reported in the funds (net of accumulated depreciation of \$1,621,703.00)	1,267,490.78
Other long-term assets are not available to pay the current-period expenditures but they are reported in the funds	31,230.00
Long-Term Liabilities, including compensated absences are not reported separately in the Statement of Net Assets and therefore are reported in the funds	(57,985.00)
Net Assets of Governmental Activities	<u>\$ 13,345,041.20</u>

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
SIX MONTHS ENDED DECEMBER 31, 2003**

Revenues:

Taxes -	
Ad Valorem taxes and interest	\$ 2,041,076.87
Intergovernmental revenues -	
State revenue sharing	26,524.00
Department of Transportation and Development	17,885.84
St. John Parish	2,587.48
Use of money and property -	
Licenses earned	49,442.75
Royalties and leases	126,870.84
Fees and fees	2,200.00
Miscellaneous	
Environmental settlement	18,417.79
Other revenues	2,050.71
Total revenues	<u>2,398,458.21</u>

Expenditures:

Current -	
Salaries - president	6,000.00
Per diem - commissioners	9,225.00
Salaries - executive director	2,400.00
Salaries - administrative	77,545.27
Salaries - levee maintenance	575,668.58
Salaries - judicial	5,186.15
Employee benefits and services	209,299.74
Total personal services and related benefits	<u>686,564.74</u>
Travel	8,154.73
Operating services	286,400.23
Professional services	527,752.86
Other charges	3,925.93
Intergovernmental transfers	579,418.85
Capital outlay	275,842.17
Total Expenditures	<u>2,263,611.59</u>

Excess of Revenues (Expenditures)

134,846.62

Fund Balance June 30, 2003

11,246,624.71

Fund Balance December 31, 2003

11,381,471.33

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
SIX MONTHS ENDED DECEMBER 31, 2003**

*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 \$ 125,418.71

*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 \$4,008.00
Depreciation expense (3,615.00)

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

(4,150.00)

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

(28,611.70)

Change in Net Assets of Governmental Activities \$ 294,622.94

The accompanying notes are an integral part of this statement.

BASIC FINANCIAL STATEMENTS
Notes to the Financial Statements

LAFOURCHE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
SIX MONTHS ENDED DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1A. 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: Assumption, 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 statute. 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 policies 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 six months ended December 31, 2003. The Lafourche Basin Levee District implemented new reporting model standards beginning July 1, 2001. Comparability with reports of all prior years will be affected.

1B. FINANCIAL REPORTING ENTITY

CLASS 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 Auditors.

1C. 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 coordinate 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
SIX MONTHS ENDED DECEMBER 31, 2003

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

**LAFOURCHE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
SIX MONTHS ENDED DECEMBER 31, 2003**

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 1.B. and 1.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 accounts 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 civil 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, 2003, 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 its

LAFOURCHE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
SIX MONTHS ENDED DECEMBER 31, 2003

Financial statements: The Lafourche Basin Levee District covers 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 depreciable fixed assets is recorded as an allowed 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 asset 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 Classification

Government-wide Statements

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

- Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- 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.
- 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 balances. Fund balances is further classified as restricted and unreserved, with unreserved further split between designated and undesignated.

LAFOURCHE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
SIX MONTHS ENDED DECEMBER 31, 2003

1.F. REVENUES, EXPENDITURES, AND EXPENSES

Property Tax

Article 6, Section 59 of the Louisiana Constitution of 1974 provides that for the purpose of constructing and maintaining levees, levee drainage, flood protection, levee protection, levee maintenance, 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 district.

Ad valorem taxes attach as an collectible 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 unsecured 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 31 U.S.C.A., Section 1813(d), all financial institutions pledging collateral to the Lafourche Basin Levee District must have a written collateral agreement approved by the Lafourche Basin Levee District directors or loan committee. As reflected in Note 2.A., all deposits were fully insured or collateralized.

Investments are limited by R.S. 50:2555 and the Lafourche Basin Levee District's investment policy.

**LAFOURCHE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
SIX MONTHS ENDED DECEMBER 31, 2003**

NOTE 1 - 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.

1.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, 2003. 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.

<u>Type of Deposits</u>	<u>Total Bank Balance</u>	<u>Category</u>			<u>Total Carrying Value</u>
		<u>1</u>	<u>2</u>	<u>3</u>	
Interest Bearing	\$ 259,738	\$ 100,800	\$ 0	\$ 158,938	\$ 258,678
Demand deposits	1,786	1,786	0	0	180
Total Deposits	\$ 261,524	\$ 102,586	\$ 0	\$ 158,938	\$ 258,711

Reconciliation to Government-wide Statement of Net Assets:

Prep cash	\$ 30
Uninsured cash	258,711
	<u>\$ 258,741</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of OIGLE Statement No. 3, R.L. 35:1223 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 30 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 1.G. 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, 2003. The categories of credit risk are defined as follows:

LAFOURCHE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
SIX MONTHS ENDED DECEMBER 31, 2003

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 as 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	\$ 9,807,523	\$ 0	\$ 0	\$ 9,807,523	\$ 9,812,981
Total Investments	<u>\$ 9,807,523</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,807,523</u>	<u>\$ 9,812,981</u>

Reconciliation to Government-wide Statement of Net Assets:

Uninsured	<u>\$ 9,807,523</u>
Total Investments	<u>\$ 9,807,523</u>

1.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 \$1,400.00 and a balance receivable of \$21,400.00 to be paid in sixteen installments of \$1,340.00 due in November of each year until paid.

In February 2000, some equipment was sold to Lafourche Parish Recreation District No. 8 for \$36,477.75 with a down payment of \$3,647.77 and a balance receivable of \$32,829.98 to be paid in nine installments of \$3,647.77 due in March of each year until paid.

On August 05, 2000, a recreational facility in the Cards Estate Section of St. John the Baptist Parish was sold to the St. John the Baptist Parish Council for \$20,580.00 to be paid in annual installments of \$1,029.00 with the first due on September 1, 2000 and each year thereafter until paid.

The changes in these transactions for the six months ended December 31, 2003 is as follows:

	Balance 01-30-2003	Payments Received	Balance 12-31-2003
Assumption Parish Police Jury	\$ 15,980	\$ 1,148	\$ 14,832
Lafourche Parish Recreation District No. 8	9,477	9,477	0
St. John the Baptist Parish Council	15,480		15,480
Total	<u>\$ 41,937</u>	<u>\$ 10,625</u>	<u>\$ 31,312</u>

LAFOURCHE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
SIX MONTHS ENDED DECEMBER 31, 2003

3.C. CAPITAL ASSETS

Capital asset activity for the six months ended December 31, 2003, was as follows:

	Balance at June 30, 2003	Additions	Disposals	Balance at December 31 2003
<i>Government activities:</i>				
Land	\$ 130,237			\$ 130,237
Buildings and improvements	376,267			376,267
Construction in process	0			0
Machinery and equipment	2,154,983	\$ 264,000		2,418,983
Total Capital Assets	2,661,577	264,000		2,925,577
Less accumulated depreciation	(2,795,790)	(100,015)		(2,895,795)
Governmental activities capital assets, net	\$ 865,787	\$ 163,984		\$ 1,029,771

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, 2003 is \$ 28,495,032. 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 those 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 \$483,298.19 in cash to St. Charles Parish Council.

3.E. LONG-TERM DEBT

Governmental Activities

As of December 31, 2003, the governmental long-term debt of the Lafourche Basin Levee District consists of the following:

<i>Accrued Compensated Absences</i>	
Current portion	\$ 0
Noncurrent portion	67,889
Total Governmental activity debt	\$ 67,889

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the six months ended December 31, 2003:

LAFOURCHE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
SIX MONTHS ENDED DECEMBER 31, 2003

<u>Type of Debt</u>	<u>Balance June 30, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2003</u>
<i>Governmental Activities</i>				
<i>Accrued Compensated Absences</i>	\$ 63,827	\$ 22,254	\$ 15,072	\$ 67,999
<i>Total General Long- Term Debt</i>	<u>\$ 63,827</u>	<u>\$ 22,254</u>	<u>\$ 15,072</u>	<u>\$ 67,999</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 six months ended December 31, 2003 was \$17,287, 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 six months. For the six months ended December 31, 2003, the cost of retiree benefits for active retirees and non-working spousal retirees totaled \$11,203.

Deferred Compensation Plan

Effective July 13, 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.

The District's contribution rate for the six months was 7% or \$24,180 with the employees contributing \$14,978.

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 affect certain reported amounts and disclosures. Accordingly, actual results may differ from these estimates.

LAFOURCHE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
SIX MONTHS ENDED DECEMBER 31, 2003

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 six months ended December 31, 2003 the Levee district did not reduce insurance coverage from coverage levels in place as of June 30, 2003. No settlements have exceeded coverage levels in place during 2003, 2001, and 2002.

Public Entity Risk Pool

The Lafourche Basin Levee District participates in the Louisiana State Office of Risk Management joint policy pool, which is responsible for negotiating, reinsuring 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 such 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 suit. 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 governed in compliance with House Concurrent Resolution No. 34 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. Anthony J. Grenon, 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.

Board Member	Salary	Amount
Anthony J. Grenon	\$ 6,000	
Lloyd Powell		\$ 1,200
Calvin Bonafant		-
Carl Rousselle		975
Lance Cammochio, Jr.		1,200
Harold Lewis		1,200
David Oppen		1,125
Kenneth Feltes		1,275
Larry Sullivan, Jr.		-
Shelly Toner		1,200
Douglas Weber		1,200
Total	<u>\$ 6,000</u>	<u>\$ 9,225</u>

**LAFOURCHE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
SIX MONTHS ENDED DECEMBER 31, 2003**

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.

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

**LAFOLLETTE BUREAU VETERAN DISTRICT
STATE OF LOUISIANA
SECRETARY COMMISSIONS SCHEDULE - GENERAL FUND
105 MONTHS ENDED DECEMBER 31, 2005**

	CHANGING BALANCE*	ACTUAL POSTREQUISITES	TOTAL BUDGET POST-ACTUAL
Revenues:			
Taxes:			
Ad Valorem: state and local:	1,981,044.00	2,041,071.87	394,777.87
Environmental revenues:			
State revenue sharing:	31,000.00	34,334.00	44,574.00
Department of Transportation and Development:	0.00	11,681.81	11,681.81
St. John Parish:	0.00	3,871.44	3,871.44
Use of money and property:			
Interest earned:	33,400.00	46,441.73	73,057.23
Royalties and fees:	140,000.00	136,979.94	58,028.58
Fees and fees:	3,000.00	3,000.00	1,288.89
Miscellaneous:			
Reimbursement certificate:	0.00	16,411.73	16,411.73
Other revenues:	4,800.00	3,082.71	13,749.27
TOTAL REVENUES	2,332,244.00	2,378,393.21	544,704.21
Expenditures:			
Total personal services and related benefits:			
Travel:	1,039,260.00	896,944.72	89,270.28
Operating services:	18,700.00	2,214.72	16,485.28
Professional services:	891,000.00	288,498.28	750,444.72
Other charges:	0.00	197,743.84	457,782.86
Intergovernmental transfers:	0.00	3,985.00	(3,985.00)
Capital outlays:	3,000.00	508,418.85	(505,418.85)
Capital leases:	143,078.00	275,440.17	132,362.17
Total Expenditures	2,085,038.00	2,280,650.58	195,612.58
Balance of Revenues (Responsibilities)	(662,534.00)	135,418.79	797,946.71
Fund Balance - June 30, 2005	(505,562.00)	11,249,626.71	3,040,641.11
Fund Balance - December 31, 2005	7,082,531.00	11,085,965.42	4,081,182.12

* Original Budget was not amended.

**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, CPA

P. O. Box 148

Deerheim Springs, LA 70017-0148

225/467-7700

Fax: 225/467-8881

and

Beverly A. Ryall

Certified Public Accountant

1426 Poinciana Dr.

Baton Rouge, LA 70817

225/752-6997

Fax: 225/752-5947

**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 ACCOUNTING STANDARDS**

**Board Members of
Lafourche Basin Lower District
State of Louisiana
Vachon, Louisiana**

We have audited the basic financial statements of the Lafourche Basin Lower District, a component unit of the State of Louisiana, as of and for the six months ended December 31, 2003, and have issued our report thereon dated June 21, 2004. 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 Lower 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 these 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 Lower 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 accounts 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. However, we noted other matters involving internal control over financial reporting that we have reported to management of the District in a separate letter dated June 21, 2004.

This report is intended for the information and use of the Litchfield 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. Christy
Certified Public Accountant, APAC
June 21, 2004

Beverly A. Ryall
Certified Public Accountant

**LAFORCHE BASIN LEVEE DISTRICT
SCHEDULE OF FINDINGS
SIX MONTHS ENDED DECEMBER 31, 2003**

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
SIX MONTHS ENDED DECEMBER 31, 2005**

There were no audit findings for the year ended June 30, 2005

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.

LAFORCHE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
Financial Statements
For the Six Months Ended December 31, 2003

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**STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
BALANCE SHEET
FOR THE SIX MONTHS ENDED DECEMBER 31, 2003**

ASSETS

CURRENT ASSETS

Cash and cash equivalents (Note 1)	\$ 20,000
Investments (Note 2)	1,000,000
Receivables (net of allowance for doubtful accounts)(Note 3)	1,275,000
Due from other funds (Note 7)	
Due from federal government	
Prepayments	
Notes receivable	
Other current assets	2,000
Total current assets	\$ 2,500,000

NON-CURRENT ASSETS

Restricted assets (Note 1)	
Cash	
Investments	
Receivables	
Notes receivable	
Capital assets (net of depreciation)(Note 4)	
Land	1,000,000
Buildings and improvements	200,000
Equipment and vehicles	50,000
Infrastructure	
Construction in progress	
Other noncurrent assets	
Total noncurrent assets	\$ 1,250,000
Total assets	\$ 3,750,000

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued (Note 5)	\$ 50,000
Due to other funds (Note 7)	
Due to federal government	
Unearned revenues	
Amounts held in custody for others	71,100
Other current liabilities	
Current portion of long-term liabilities	
Contract payables	
Reimbursement contracts payable	
Compensation expenses payable (Note 6)	
Capital lease obligations - (Note 8)	
Notes payable	
Liabilities payable from restricted assets (Note 1)	
Bonds payable	
Other long-term liabilities	
Total current liabilities	\$ 121,100

NON-CURRENT LIABILITIES

Contracts payable	
Reimbursement contracts payable	
Compensation expenses payable (Note 6)	17,000
Capital lease obligations (Note 8)	
Notes payable	
Liabilities payable from restricted assets (Note 1)	
Bonds payable	
Other non-current liabilities	
Total non-current liabilities	\$ 17,000
Total liabilities	\$ 138,100

NET ASSETS

Investment encumbrances, net of related debt	
Reserve for	
Capital assets	1,200,000
Good will	
Unemployment compensation	
Other specific purposes	
Unrestricted	2,311,900
Total net assets	\$ 3,611,900
Total liabilities and net assets	\$ 3,611,900

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

Statement A

STATE OF LOUISIANA
 LAFOURCHE BASIN LEVEE BASIN
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2002

OPERATING REVENUES	
Sales of commodities and services	\$ _____
Assessments	_____
Use of money and property	176,000
Licenses, permits, and fees	2,000
Other	_____
Total operating revenues	178,000
OPERATING EXPENSES	
Cost of sales and services	_____
Administration	2,500,174
Depreciation	182,000
Amortization	_____
Total operating expenses	2,582,174
Operating income/(loss)	(1,404,174)
NON-OPERATING REVENUES/(EXPENSES)	
State appropriations	_____
Intergovernmental revenues (expenses)	44,750
Taxes	2,102,000
Use of money and property	_____
Gains (loss) on disposal of fixed assets	_____
Future grants	_____
Interest expense	_____
Other	2,000
Total non-operating revenues/(expenses)	2,248,750
Income/(loss) before contributions and transfers	844,576
Capital contributions	_____
Transfers in	_____
Transfers out	_____
Change in net assets	844,576
Total net assets - beginning	13,025,200
Total net assets - ending	\$ 13,869,776

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

Continued >

STATE OF LOUISIANA
 LAFOURCHE BASIN LEVEE DISTRICT
 STATEMENT OF ACTIVITIES
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2003

	Program Revenues			Net (Expense) Revenue and Change in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Component Unit				
Component Unit X	\$ 2,102,790	\$	\$	\$ (2,102,790)
General revenues:				
Taxes				2,161,971
State appropriations				
Grants and contributions not restricted to specific programs				
Interest				48,441
Miscellaneous				178,068
Special items				
Transfers				
Total general revenues, special items, and transfers				2,390,481
Change in net assets				287,691
Net assets - beginning				15,051,263
Net assets - ending				\$ 15,338,954

STATE OF LOUISIANA
 LAFOURCHE BASIN LEVEE DISTRICT
 STATEMENT OF CASH FLOWS
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2003

Cash flows from operating activities		
Cash received from customers	\$	
Cash payments to suppliers for goods and services		<u>(1,321,241)</u>
Cash payments to employees for services		<u>691,541</u>
Payments in lieu of taxes		
Internal activity payments in other funds		
Claims paid to outsiders		
Other operating revenues/expenses		<u>344,171</u>
Net cash provided/(used) by operating activities		<u>(1,285,569)</u>
Cash flows from non-capital financing activities		
State appropriations - (Revenue sharing)		<u>24,524</u>
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		<u>1,630,488</u>
Transfers to		
Transfers Out		
Net cash provided/(used) by non-capital financing activities		<u>1,655,012</u>
Cash flows from capital and related financing		
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/contribution of capital assets		
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided/(used) by capital and related financing activities		<u>0</u>
Cash flows from investing activities		
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>0</u>
Net increase/(decrease) in cash and cash equivalents		<u>369,443</u>
Cash and cash equivalents at beginning of year		<u>32,590</u>
Cash and cash equivalents for the six months	\$	<u>369,443</u>

The accompanying notes are an integral part of this statement.

Statement D

**STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2003**

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

Operating income(loss)	\$	<u>284,822</u>
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	<u>108,015</u>	
Provision for uncollectible accounts	<u> </u>	
Changes in assets and liabilities:		
(Increase)/decrease in accounts receivable, net	<u>(2,155,795)</u>	
(Increase)/decrease in due from other funds	<u> </u>	
(Increase)/decrease in prepayments	<u> </u>	
(Increase)/decrease in inventories	<u> </u>	
(Increase)/decrease in other assets	<u>(163,384)</u>	
Increase/(decrease) in accounts payable and accounts	<u>28,262</u>	
Increase/(decrease) in accrued payroll and related benefits	<u>15,282</u>	
Increase/(decrease) in compensated absences payable	<u>4,162</u>	
Increase/(decrease) in due to other funds	<u> </u>	
Increase/(decrease) in deferred revenues	<u>71,171</u>	
Increase/(decrease) in other liabilities	<u>15,487</u>	
Net cash provided(used) by operating activities	\$	<u>(1,758,581)</u>

Schedule of noncash investing, capital, and financing activities:

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>
Total noncash investing, capital, and financing activities:	<u>0</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement D

**STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT**

Notes to the Financial Statement

As of and for the six months ended December 31, 2003

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 (DLB) which includes the parishes in which the Lafourche Basin Levee District is located. To provide flood control in Acadiane, 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 Certification of Governmental Accounting and Financial Reporting Standards (GASB Certification). This certification 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 statute and administrative regulations.

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

Revenues 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.

Expenses 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 lapping 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 Statement
 As of and for the six months ended December 31, 2003

	APPROPRIATION
Original approved budget	\$ <u>1,702,460</u>
Amendments:	none
Final approved budget	\$ <u>1,702,460</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 Interior Emergency Board. Further, the Lafourche Basin Levee District may invest in time certificates of deposit of state banks operating 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 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 collateral bank in the form of subkeeping receipts held by the State Treasurer. The deposits at December 31, 2003 were secured as follows:

	Deposits in bank accounts			
	Cash	Certificates of Deposit	Other (Secured)	Total
Deposits in bank accounts (at balance sheet)	\$ <u>238,778</u>	\$ _____	\$ _____	\$ <u>238,778</u>
(Bank balances)				
1. Insured or collateralized with securities held by the entity or its agency in the entity's name	191,350	_____	_____	191,350
2. Collateralized with securities held by the pledging institution's local department or agent in the entity's name	_____	_____	_____	\$ _____
3. Uncollateralized, including any securities held for the entity but not in the entity's name	47,428	_____	_____	47,428
Total bank balances	\$ <u>281,800</u>	\$ _____	\$ _____	\$ <u>281,800</u>

STATE OF LOUISIANA
 LAPOURCHE BASIN LEVEE DISTRICT
 Notes to the Financial Statement
 As of and for the six months ended December 31, 2000

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:

Banking Institution	Program	Amount
1. First American Bank	General Fund	\$ 298,710
Total		\$ 298,710

Were uncollateralized securities fitting the description in (C) above during the six months significantly greater than at December 31, 2000 (last day of your fiscal year)? If yes, attach a statement listing the amount(s) and a reason for this occurrence. NO

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

Cash in State Treasury	\$ None
Petty cash	\$ 0

2. INVESTMENTS

Upon implementation of GASB Statement 31, reported amount and fair value will often be the same number.

The Lapourche Basin Levee District does maintain investment accounts as authorized by Louisiana Revised Statute 48:2953 (State legal provisions authorizing investments by Lapourche Basin Levee District).

STATE OF LOUISIANA
 LAFOURCHE BASIN LEVEE DISTRICT

Notes to the Financial Statement

As of and for the six months ended December 31, 2003

Type of Investment	Category of Risk			Booked Amount	Fair Value
	1	2	3		
Repurchase agreements	\$	\$	\$	\$	\$
U.S. Government securities	\$ 807,523			\$ 807,523	\$ 807,500
Common & preferred stock				\$	
Commercial paper				\$	
Corporate bonds				\$	
Other (specify)				\$	
				\$	
				\$	
Total categorized investments	\$ 807,523	\$	\$	\$ 807,523	\$ 807,500
<u>Certain types of investments cannot be categorized (if necessary)</u>					
Total Investments				\$ 807,523	\$ 807,500

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT

Notes to the Financial Statements

As of and for the six months ended December 31, 2003

B. CAPITAL ASSETS - INCLUDING CAPITAL LEASES ASSETS

The fixed assets used in the Special Purpose Government Engaged only in De minimis-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all depreciable 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.

	For the six months ended December 31, 2003				Balance 12/31/2002	Prior Period Adjustment	Adjusted Balance 12/31/2003
	Balance 6/30/2003	Addition	Transfer ¹	Retirements			
Capital assets not being depreciated							
Land	100,000	--	--	--	100,000	--	100,000
Non-depreciable land improvements	--	--	--	--	--	--	--
Capitalized collections	--	--	--	--	--	--	--
Construction in progress	--	--	--	--	--	--	--
Total capital assets not being depreciated	100,000	--	--	--	100,000	--	100,000
Other capital assets							
Furniture, fixtures, and equipment	1,754,000	(54,000)	--	--	1,699,999	--	1,699,999
Less accumulated depreciation	(1,855,000)	(50,000)	--	--	(1,905,000)	--	(1,905,000)
Total furniture, fixtures, and equipment	(91,000)	(104,000)	--	--	(90,001)	--	(90,001)
Buildings and improvements	874,100	--	--	--	874,100	--	874,100
Less accumulated depreciation	(135,400)	(5,000)	--	--	(140,400)	--	(140,400)
Total buildings and improvements	738,700	(5,000)	--	--	733,700	--	733,700
Depreciable land improvements	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
Total depreciable land improvements	--	--	--	--	--	--	--
Infrastructure	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
Total infrastructure	--	--	--	--	--	--	--
Total other capital assets	(91,000)	(109,000)	--	--	(1,000,001)	--	(1,000,001)
Capital Asset Summary:							
Capital assets not being depreciated	100,000	--	--	--	100,000	--	100,000
Other capital assets, at cost	2,754,000	(59,000)	--	--	2,694,999	--	2,694,999
Total cost of capital assets	2,854,000	(59,000)	--	--	2,795,999	--	2,795,999
Less accumulated depreciation	(1,990,000)	(105,000)	--	--	(2,095,000)	--	(2,095,000)
Capital assets, net	864,000	(164,000)	--	--	700,999	--	700,999

¹ Transfers used only for those completed projects moving out of construction in progress to fixed assets, not associated with transfer-based standards in the period.

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
Notes to the Financial Statement
As of and for the six months ended December 31, 2003

E. INVENTORIES

The Lafourche Basin Levee District had no inventory at December 31, 2003.

F. RESTRICTED ASSETS

The Lafourche Basin Levee District had no restricted assets at December 31, 2003.

G. LEAVE

1. COMPENSATED ABSENCES

The Lafourche Basin Levee District has the following policy on annual and sick leave:

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 208, is recognized as current year expenditures 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 Affiliated Options which allows each participant to choose from four or more plans offered. This gives each participant their own account with the ability to administer their individual accounts.

The District's contribution rate for the six months ending December 31, 2003 was 7.05% or \$26,597 with employees contributing \$38,678.

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

GASB 33 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 these 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.

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT

Notes to the Financial Statement

As of and for the six months ended December 31, 2003

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 and the Lafourche Basin Levee District. For December 31, 2003, the cost of providing these benefits for the service retirees and their surviving spouses totaled \$17,212.

J. LEASES

Lafourche Basin Levee District had no leases at December 31, 2003.

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the six months ended December 31, 2003:

	For the six months ended December 31, 2003				
	Balance June 30, 2003	Additions	Reductions	Balance December 31, 2003	Amounts due within one year
Bonds and notes payable:					
Notes payable	\$	\$	\$	\$	\$
Reimbursement contracts payable					
Bonds payable					
Total notes and bonds	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Other liabilities:					
Contracts payable					
Compensated absences payable	63,627	22,281	18,008	67,899	
Capital lease obligations					
Liabilities payable from restricted assets					
Claims and litigation					
Other long-term liabilities					
Total other liabilities	<u>63,627</u>	<u>22,281</u>	<u>18,008</u>	<u>67,899</u>	<u>—</u>
Total long-term liabilities	<u>63,627</u>	<u>22,281</u>	<u>18,008</u>	<u>67,899</u>	<u>—</u>

L. LITIGATION

The Lafourche Basin Levee District had no litigation at December 31, 2003.

M. RELATED PARTY TRANSACTIONS

The Lafourche Basin Levee District had no related party transactions during the six months ending December 31, 2003.

N. ACCOUNTING CHANGES

The Lafourche Basin Levee District had no changes in accounting during the six months ending December 31, 2003.

STATE OF LOUISIANA
LAFORCHE BASIN LEVEE DISTRICT
Notes to the Financial Statements
As of and for the six months ended December 31, 2003

G. IN-KIND CONTRIBUTIONS

The Lafourche Basin Levee District had no in-kind contributions during the six months ending December 31, 2003.

H. DEFERRED ISSUES

The Lafourche Basin Levee District had no deferred issues during the six months ending December 31, 2003.

I. COOPERATIVE EMPLOYEES

The Lafourche Basin Levee District had no cooperative employees at December 31, 2003.

J. GOVERNMENT-MANDATED NON-EXCHANGE TRANSACTIONS (GRANTS)

The Lafourche Basin Levee District had no government mandated non-exchange transactions (grants).

K. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

At December 31, 2003, the Lafourche Basin Levee District did not have any violations of finance-related legal or contractual provisions.

L. SHORT-TERM DEBT

The Lafourche Basin Levee District had no short-term debt at December 31, 2003.

STATE OF LOUISIANA
LAPORCHE BASIN LEVEE DISTRICT
Notes to the Financial Statement
As of and for the six months ended December 31, 2003

U. RECONCILIATION OF RECEIVABLE BALANCES

Receivables at December 31, 2003, were as follows:

Activity	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
General Fund	\$ 17,320	\$ 2,711,250	\$ 0	\$ 8,812	\$ 2,800,000
Grants receivables Less allowance for uncollectible accounts	\$ 20,290	\$ 2,711,250	\$ 0	\$ 8,812	\$ 2,800,000
Receivables, net	\$ 17,320	\$ 2,711,250	\$ 0	\$ 8,812	\$ 2,800,000
Amounts not scheduled for collection during the subsequent year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

V. RECONCILIATION OF PAYABLE BALANCES

Payables at December 31, 2003, were as follows:

Activity	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
General Fund	\$ 108,220	\$ 22,428	\$ 0	\$ 108,220	\$ 238,000
Total payables	\$ 108,220	\$ 22,428	\$ 0	\$ 108,220	\$ 238,000

W. SUBSEQUENT EVENTS

There were 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 the purposes of this disclosure, a segment is an identifiable activity (or group of activities), reported as or within an enterprise fund or an other stand-alone entity that has one or more funds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the entity'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 (GAAS 34, paragraph 322, as modified by GASB 33, paragraph 17.)

STATE OF LOUISIANA
LAFORCHÈRE BASIN LEVEE DISTRICT
Notes to the Financial Statement
As of and for the six months ended December 31, 2000

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 \$30,676,032.

The Federal Flood Control Act of 1918 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 1918, 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, New Orleans District.

A. Condensed Balance sheet:

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

Condensed Balance sheet:

	Segment #1	Segment #2
Current assets	\$ 12,954,273	\$
Due from other funds	_____	_____
Capital assets	1,007,811	_____
Other assets	_____	_____
Current liabilities	(278,775)	_____
Due to other funds	_____	_____
Long-term liabilities	(57,888)	_____
Restricted net assets	_____	_____
Unrestricted net assets	_____	_____
Invested in capital assets, net of related debt	13,575,400	_____

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 (expense) – with separate reporting of major revenues and expense.
- (5) Capital contributions and additions to permanent and term endowments.
- (6) Special and extraordinary items.
- (7) Transfers.
- (8) Change in net assets.
- (9) Beginning net assets.
- (10) Ending net assets.

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

**STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT**

Notes to the Financial Statements

As of and for the six months ended December 31, 2003

	2003	2002
Operating revenues	\$ 0	\$ 0
Operating expenses	2,802,774	
Depreciation and amortization	100,000	
Operating income (loss)	(2,802,774)	0
Nonoperating revenues (expenses)	2,802,470	
Capital contributions/additions in permanent and term endowments		
Special and extraordinary items		
Transfers in		
Transfers out		
Change in net assets	244,696	0
Beginning net assets	13,027,281	
Ending net assets	13,271,977	0

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:

	2003	2002
Net cash provided (used) by operating activities	\$ 0	\$ 0
Net cash provided (used) by noncapital financing activities		
Net cash provided (used) by capital and related financing activities		
Net cash provided (used) by investing activities		
Beginning cash and cash equivalent balances		
Ending cash and cash equivalent balances	0	0

V. DEBIT TO/BE FROM AND TRANSFERS

The Lafourche Basin Levee District had no debit to/be from and transfers at December 31, 2003.

VI. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

The Lafourche Basin Levee District had no liabilities payable from restricted assets at December 31, 2003.

STATE OF LOUISIANA
 LAFOURCHE BASIN LEVEE DISTRICT
 Notes to the Financial Statement
 As of and for the six months ended December 31, 2003

	Account #1	Account #2
Operating revenue	\$ _____	\$ _____
Operating expenses	2,000,774	_____
Depreciation and amortization	100,830	_____
Operating income (loss)	(2,102,790)	0
Nonoperating revenue (expenses)	1,387,412	_____
Capital contributions/additions to permanent and term endowments	_____	_____
Special and extraordinary items	_____	_____
Transfers in	_____	_____
Transfers out	_____	_____
Change in net assets	284,622	0
Beginning net assets	13,001,380	_____
Ending net assets	13,285,999	0

C. Condensed statement of cash flows:

- (1) No 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:

	Account #1	Account #2
Net cash provided (used) by operating activities	\$ _____	\$ _____
Net cash provided (used) by noncapital financing activities	_____	_____
Net cash provided (used) by capital and related financing activities	_____	_____
Net cash provided (used) by investing activities	_____	_____
Beginning cash and cash equivalent balances	_____	_____
Ending cash and cash equivalent balances	0	0

F. DUE TO/BE FROM AND TRANSFERS

The Lafourche Basin Levee District had no due to/for from and transfers at December 31, 2003.

G. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

The Lafourche Basin Levee District had no liabilities payable from restricted assets at December 31, 2003.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

There was no restatement of net assets at December 31, 2003.

STATE OF LOUISIANA
 LAFOURCHE BASIN LEVEE DISTRICT
 SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
 For the Six Months Ended December 31, 2003

Name	Amount
Lloyd Bernal	\$ 1,000
Kenneth Feltner	1,000
Carl Bourgeois	000
Leona Carmichael, Jr.	1,000
Hester Lewis	1,000
David Cooper	1,000
Marilyn Tostel	1,000
Dorley Weber	1,000
Celine Bonadona	0
	\$ 6,000

SCHEDULE I

STATE OF LOUISIANA
 LAFOURCHE BAGIN LEVY DISTRICT
 SCHEDULE OF STATE FUNDING
 For the Six Months Ended December 31, 2003

Description of Funding	Amount
1. <u>State Revenue Sharing</u>	\$ <u>24,828</u>
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
9. _____	_____
10. _____	_____
Total	\$ <u>24,828</u>

Leroy J. Chustz

Certified Public Accountant, APAC

P. O. Box 158

Deerham Springs, LA 70727-0158

225/667-3769

Fax: 225/667-3553

and

Beverly A. Ryall

Certified Public Accountant

1436 President Dr.

Baton Rouge, LA 70817

225/752-8187

Fax: 225/752-8247

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

In planning and performing our audit of the financial statements of Lafourche Basin Levee District, for the six months ended December 31, 2003, we considered the District's internal controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls, improving operating efficiencies, and reducing expenses. The memorandum that accompanies this letter summarizes my comments and recommendations regarding these matters. We previously reported on the District's internal control in our report dated June 21, 2004. A separate report dated June 21, 2004, contains my report on reportable conditions in the District's compliance with laws and regulations. This letter does not affect my report dated June 21, 2004, on the financial statements of Lafourche Basin Levee District.

I will review the status of these comments during my own audit engagements. I have already discussed these comments with the various District personnel, and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Leroy J. Chustz

Certified Public Accountant, APAC

June 21, 2004

Beverly A. Ryall

Certified Public Accountant

CURRENT YEAR COMMENTS

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 Lower 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 the audits each year. For the six months ended December 31, 2003 it was necessary to extend auditing procedures to because of these errors.

We recommend that the District design and implement a comprehensive accounting system that will provide timely and accurate financial data.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Management's corrective action plan was not available at the time this report was issued.