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**STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2004**

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

Release Date 9.1.04

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
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JUNE 30, 2004

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STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
TRANSMITTAL LETTER
ANNUAL FINANCIAL STATEMENTS

July 30, 2004

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

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

Dear Sirs:

In accordance with Louisiana Revised Statute 24:514, enclosed are the annual financial statements for the Bossier Levee District for the year ended June 30, 2004. The report includes only funds under the control and oversight of the Bossier Levee District.

The accompanying basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Sincerely,


Administrative Manager

Enclosure

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

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

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

AFFIDAVIT

Personally came and appeared before the undersigned authority, Mary Jane Easterly, Administrative Manager of the Bossier Levee District, who duly sworn, deposes and says, that the financial statements herewith given presents fairly the financial position of Bossier Levee District at June 30, 2004 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.


Administrative Manager

Sworn to and subscribed before me, this 30th day of July, 2004.


NOTARY PUBLIC



HINES, JACKSON & HINES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 2188 - 133 EAST FIFTH STREET
NATCHITOCHES, LA 71457

A. NEILL JACKSON, JR., CPA
1926-1999

FRANK S. HINES, CPA
LEWIS C. HINES, CPA
E. MERLIN SQUYRES, CPA
JAY H. SHEFFIELD, CPA

Telephone (318) 352-6458
FAX (318) 352-0404
office@hjhcpa.biz

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Bossier Levee District
Bossier City, Louisiana 71113

We have audited the accompanying basic financial statements of the Bossier Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of management of the Bossier Levee District. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bossier Levee District as of June 30, 2004, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated July 30, 2004, on our consideration of the Bossier Levee District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the budgetary information on pages 4 through 8 and 23, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

The financial information for the year ended June 30, 2003, which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion dated August 1, 2003, on the basic financial statements of the Bossier Levee District.

Hines, Jackson & Hines
Natchitoches, Louisiana
July 30, 2004

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
MANAGEMENT'S DISCUSSION, AND ANALYSIS
JUNE 30, 2004

The Management's Discussion and Analysis of the Bossier Levee District's financial performance presents a narrative overview and analysis of Bossier Levee District's financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the transmittal letter presented on page 1 and the Bossier Levee District's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- 1) The Bossier Levee District had cash and investments of \$5,293,383 at June 30, 2004 which represents an increase of \$282,572 from prior year end.
- 2) The Bossier Levee District had accounts receivable of \$34,872 at June 30, 2004 which represents an increase of \$27,441 from prior year end.
- 3) The Bossier Levee District had accounts payable and accruals of \$17,906 at June 30, 2004 which represents an increase of \$6,139 from prior year end.
- 4) The Bossier Levee District had total revenues of \$2,045,802 for the year ended June 30, 2004 which represents an increase of \$617,556 from prior year.
- 5) The Bossier Levee District had property taxes of \$1,113,058 for the year ended June 30, 2004 which represents an increase of \$32,305 from prior year.
- 6) The Bossier Levee District had interest of \$212,898 for the year ended June 30, 2004 which represents an increase of \$110,544 from prior year.
- 7) The Bossier Levee District had personal services expenses of \$497,854 for the year ended June 30, 2004 which represents an increase of \$87,656 from prior year.
- 8) The Bossier Levee District had operating services expenses of \$308,487 for the year ended June 30, 2004 which represents a decrease of \$4,376 from prior year.
- 9) The Bossier Levee District had capital asset purchases of \$903,609 for the year ended June 30, 2004 which represents an increase of \$412,825 from prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for the Bossier Levee District as 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
BOSSIER LEVEE DISTRICT
MANAGEMENT'S DISCUSSION, AND ANALYSIS (CONTINUED)
JUNE 30, 2004

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Management Discussion and Analysis

Basic Financial Statements

Required Supplementary Information
(Other than MD&A)

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

This annual report consist of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 9 and 10) provide information about the activities of the Bossier 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.

Fund financial statements start on page 11. All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those 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
BOSSIER LEVEE DISTRICT
MANAGEMENT'S DISCUSSION, AND ANALYSIS (CONTINUED)
JUNE 30, 2004

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets
As of Year End

	<u>2004</u>	<u>2003</u>
Current and other assets	\$ 5,328,255	\$ 5,018,242
Capital assets, net	<u>1,632,077</u>	<u>855,383</u>
Total Assets	<u>\$ 6,960,332</u>	<u>\$ 5,873,625</u>
Other liabilities	\$ 17,906	\$ 11,767
Compensated absences payable	<u>21,959</u>	<u>20,293</u>
Total Liabilities	<u>39,865</u>	<u>32,060</u>
Net assets		
Investment in capital assets, net of related debt	1,632,077	855,383
Unrestricted	<u>5,288,390</u>	<u>4,986,182</u>
Total Net Assets	<u>6,920,467</u>	<u>5,841,565</u>
Total Liabilities and Net Assets	<u>\$ 6,960,332</u>	<u>\$ 5,873,625</u>

Net assets of the Bossier Levee District increased by \$1,078,902 or 18.47% from the previous fiscal year. The increase is the result of operating and nonoperating revenues exceeding expenses during the fiscal year ended 2004 (See table below).

Statement of Activities
For the Year Ended

	<u>2004</u>	<u>2003</u>
General government Expenses	\$ (966,900)	\$ (867,523)
Program revenues		
Operating grants and contributions	<u>590,000</u>	<u>0</u>
Subtotal	(376,900)	(867,523)
General revenues	<u>1,455,802</u>	<u>1,428,246</u>
Change in net assets	<u>\$ 1,078,902</u>	<u>\$ 560,723</u>

The Bossier Levee District's total revenues increased by \$617,556 or 43.24% from the previous year. The total cost of all programs and services increased by \$99,377 or 11.46% from the previous year.

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
MANAGEMENT'S DISCUSSION, AND ANALYSIS (CONTINUED)
JUNE 30, 2004

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2004, the Bossier Levee District had \$1,632,677 net of depreciation, invested in a broad range of capital assets (See table below). This amount represents a net increase (including additions and deductions) of \$776,694 or 90.80% from the previous year.

Capital Assets at Year End
(Net of Depreciation)

	2004	2003
Land	\$ 233,719	\$ 128,719
Construction in progress	216,659	0
Buildings and building improvements	958,746	514,868
Automobiles and equipment	222,953	211,796
Total	\$ 1,632,077	\$ 855,383

This year's major additions included:

Land	\$ 105,000
Construction in progress	\$ 216,659
Building and building improvement	\$ 484,593
Automobiles and equipment	\$ 97,357

This year's major retirements included:

Building and building improvements	\$ 11,300
Automobiles and equipment	\$ 179,744

Debt

The Bossier Levee District had \$21,959 in compensated absences payable at year end compared to \$20,293 at the previous year end, an increase of \$1,666 or 8.21% as shown in the table below.

Outstanding Debt at Year End

	2004	2003
Compensated absences payable	\$ 21,959	\$ 20,293
Totals	\$ 21,959	\$ 20,293

New debt during the year included:

None.

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
MANAGEMENT'S DISCUSSION, AND ANALYSIS (CONTINUED)
JUNE 30, 2004

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Actual revenues were \$94,908 less than budgeted amounts due to taxes revenues being less than expected.

Actual expenditures were \$652,883 less than budgeted amounts due to operating services being less than expected.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Bossier 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:

- 1) Ad valorem taxes
- 2) Interest income
- 3) Projects under consideration
- 4) Intergovernmental revenues (state and local grants)

The Bossier Levee District does not expect any significant changes in next year's results as compared to the current year.

CONTACTING THE BOSSIER LEVEE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Bossier Levee District's finances and to show the Bossier Levee District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mary Jane Easterly, Administrative Manager, Post Office Box 8279, Bossier City, Louisiana 71113.

EXHIBIT A

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Current Assets		
Cash	\$ 148,879	\$ 92,579
Investments	5,144,504	4,918,232
Accounts receivable	<u>34,872</u>	<u>7,431</u>
Total Current Assets	5,328,255	5,018,242
Noncurrent Assets		
Capital assets, net	<u>1,632,077</u>	<u>855,383</u>
Total Assets	<u>\$ 6,960,332</u>	<u>\$ 5,873,625</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts payable and accruals	<u>\$ 17,906</u>	<u>\$ 11,767</u>
Total Current Liabilities	17,906	11,767
Noncurrent Liabilities		
Compensated absences payable	<u>21,959</u>	<u>20,293</u>
Total Liabilities	39,865	32,060
NET ASSETS		
Investment in capital assets, net of related debt	1,632,077	855,383
Unrestricted	<u>5,288,390</u>	<u>4,986,182</u>
Total Net Assets	<u>6,920,467</u>	<u>5,841,565</u>
Total Liabilities and Net Assets	<u>\$ 6,960,332</u>	<u>\$ 5,873,625</u>

The accompanying notes are an integral part of this statement.

EXHIBIT B

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	2004			2003	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
General Government					
Personal services	\$ 497,854	\$ 0	0	0	\$ (410,198)
Travel	11,057	0	0	0	(9,981)
Operating services	308,487	0	0	0	(312,863)
Supplies	18,649	0	0	0	(25,769)
Professional services	3,938	0	0	0	(5,700)
Depreciation	126,915	0	0	590,000	(103,012)
Total General Government	<u>\$ 966,900</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 590,000</u>	<u>(376,900)</u>
General Revenues:					
Taxes					1,080,753
State revenue sharing					160,704
Interest income					212,898
Royalties and leases					94,184
Miscellaneous					(125,042)
Total General Revenues					<u>1,455,802</u>
Change in Net Assets					560,723
Net Assets, Beginning of year					<u>5,841,565</u>
Net Assets, End of year					<u>\$ 6,920,467</u>
					<u>\$ 5,841,565</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash	\$ 148,879	\$ 92,579
Investments	5,144,504	4,918,232
Accounts receivable	<u>34,872</u>	<u>7,431</u>
Total Assets	<u>\$ 5,328,255</u>	<u>\$ 5,018,242</u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable and accruals	\$ 17,906	\$ 11,767
Total Liabilities	17,906	11,767
 FUND BALANCES		
Unreserved	<u>5,310,349</u>	<u>5,006,475</u>
Total Fund Balances	<u>5,310,349</u>	<u>5,006,475</u>
Total Liabilities and Fund Balances	<u>\$ 5,328,255</u>	<u>\$ 5,018,242</u>

The accompanying notes are an integral part of this statement.

EXHIBIT D

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2004

Total Fund Balances for Governmental Funds (Exhibit C) \$ 5,310,349

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

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

Land	\$ 233,719	
Construction in progress	216,659	
Buildings and building improvements, net of \$241,821 in accumulated depreciation	958,746	
Automobiles and equipment, net of \$498,674 in accumulated depreciation	<u>\$ 222,953</u>	
Total Capital Assets		1,632,077

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

(21,959)

Total Net Assets of Governmental Activities (Exhibit A) \$ 6,920,467

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL
FUNDS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
REVENUES		
Taxes	\$ 1,113,058	\$ 1,080,753
State revenue sharing	160,704	157,442
Intergovernmental revenues	590,000	0
Interest income	212,898	102,354
Royalties and leases	94,184	83,978
Miscellaneous	(125,042)	3,719
Total Revenues	<u>2,045,802</u>	<u>1,428,246</u>
EXPENDITURES		
General government		
Personal services	496,188	407,001
Travel	11,057	9,981
Operating services	308,487	301,976
Supplies	18,649	25,769
Professional services	3,938	5,700
Capital outlay	903,609	490,784
Total Expenditures	<u>1,741,928</u>	<u>1,241,211</u>
Excess/(Deficiency) Of Revenues Over Expenditures	303,874	187,035
Fund Balance, Beginning of year	<u>5,006,475</u>	<u>4,819,440</u>
Fund Balance, End of year	<u>\$ 5,310,349</u>	<u>\$ 5,006,475</u>

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

Net Change in Fund Balances-Total Governmental Funds (Exhibit E)	\$ 303,874
The change in Net Assets reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$903,609) exceeds depreciation (\$126,915) in the current period.	776,694
Some expense reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(1,666)</u>
Change in Net Assets of Governmental Activities (Exhibit B)	<u>\$ 1,078,902</u>

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

The Bossier Levee District was created by the Louisiana State Legislature under the provisions of the Louisiana constitution of 1974; Article 6, Section 34. The Levee District includes all or portion of the following parishes: Bossier and Red River. The Levee District primarily provides flood protection for those areas contained in the District. The Board of Commissioners administers the operations and responsibilities of the Levee District in accordance with the provisions of Louisiana statute. The eight members of the Board of Commissioners which governs the District are appointed by the governor of the State of Louisiana.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 the Bossier Levee District present information only as to the transactions of the programs of the Bossier 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 Bossier 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

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

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Budgetary Accounting (Continued)

State appropriations made for the operations of the various programs of the Bossier 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:

Original Approved Budget	\$	0
Amendments		0
Final Approved Budget	<u>\$</u>	<u>0</u>

C. Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows and consistent with GASB Statement 9, the District defines cash and cash equivalents as follows:

Cash - includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents - includes all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

D. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

E. Bad Debts

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At June 30, 2004, \$0 were considered to be uncollectible.

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital Assets

Capital assets are carried at historical costs. Depreciation of all exhaustible capital assets used by the District are charged as an expense against operations in the Statement of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Assets. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 40 years for buildings and building improvements and 5 to 7 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized.

G. Compensated Absences

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

H. Estimates

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

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

A. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions including savings, demand deposits, time deposits, and certificates of deposit. Under state law the Bossier Levee District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further the 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.

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 bank. 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. The deposits at June 30, 2004 were secured as follows:

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Deposits in bank accounts per balance sheet	\$ 148,879	\$ 100,000	\$ 248,879
	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Bank Balances (Category 3 Only, If Any)			
a. Uninsured and uncollateralized	\$ 0	\$ 0	\$ 0
b. Uninsured and uncollateralized with securities held by the pledging institution	0	0	0
c. Uninsured and uncollateralized with securities held by the pledging institution's trust department or agent but not in the entity's name	<u>0</u>	<u>0</u>	<u>0</u>
Total Category 3 Bank Balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Bank Balances (All Categories Including Category 3 Reported Above)	<u>\$ 212,575</u>	<u>\$ 100,000</u>	<u>\$ 312,575</u>

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

<u>Banking Institution</u>	<u>Amount</u>
First National Bank	\$ 212,575
State Farm Bank	<u>100,000</u>
Total	<u>\$ 312,575</u>

B. Investments

The Bossier Levee District maintains investment accounts as authorized by the Louisiana Revised Statutes. Under state law, the District may invest in obligations of the U. S. Treasury and U. S. Agencies, or certificates of deposit. Investments are carried at fair market value as of the balance sheet date.

Investments can be classified according to the level of risk to the entity. Investments made by the Bossier Levee District as of June 30, 2004 are summarized below by the category of risk.

- Category 1 Insured or registered in the entity's name, or security held by the entity or its agent in the entity's name.
- Category 2 Uninsured or registered with securities held by the counterparty's trust department or agent in the entity's name.
- Category 3 Unsecured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the entity's name.

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)

Type of Investments	Amount Reported in Risk Category 3, If Any		Total Reported Amount - All Categories (Including Category 3)	Total Fair Value - All Categories (Including Category 3)
	Held By Counterparty	Held By Counterparty's Trust Dept. Or Agent Not In Entity's Name		
Louisiana Asset Management Pool, Inc. (LAMP)	\$ 0	\$ 0	\$ 295,539	\$ 295,539
Money market accounts	0	0	102,548	102,548
U. S. Government securities	0	0	4,646,417	4,646,417
Total	\$ 0	\$ 0	\$ 5,044,504	\$ 5,044,504

NOTE 3 ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at June 30, 2004:

Class of Receivable	
Ad valorem taxes	\$ 1,367
Interest	26,214
Royalties and leases	7,291
Other	0
Total	\$ 34,872

NOTE 4 CAPITAL ASSETS

A summary of the Bossier Levee District's capital assets at June 30, 2004 follows:

	Balance July 1, 2003	Additions	Retirements	Balance June 30, 2004
Capital Assets, not being depreciated				
Land	\$ 128,719	\$ 105,000	\$ 0	\$ 233,719
Construction in progress	0	216,659	0	216,659
Total Capital Assets, not being depreciated	128,719	321,659	0	450,378
Capital Assets, being depreciated				
Buildings and building improvements	727,274	484,593	(11,300)	1,200,567
Less accumulated depreciation	(212,406)	(40,715)	11,300	(241,821)
Total Buildings and building improvements	514,868	443,878	0	958,746
Automobiles and equipment	804,014	97,357	(179,744)	721,627
Less accumulated depreciation:	(592,218)	(86,200)	179,744	(498,674)
Total Automobiles and equipment	211,796	11,157	0	222,953
Total Capital Assets, being depreciated	726,664	455,035	0	1,181,699
Total Capital Assets, net	\$ 855,383	\$ 776,694	\$ 0	\$ 1,632,077

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 5 ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable at June 30, 2004:

Class of Payable		
Vendor	\$	12,659
Salaries and benefits		5,247
Other		<u>0</u>
Total	\$	<u>17,906</u>

NOTE 6 COMPENSATED ABSENCES

At June 30, 2004, employees of the Bossier Levee District had accumulated \$21,959 in annual leave benefits which were computed in accordance with GASB Codification Section C 60. The following is a summary of the changes in accumulated annual leave benefits for the year ended June 30, 2004.

Compensated absences payable, beginning of year	\$	20,293
Additions		17,659
Deletions		<u>(15,993)</u>
Compensated absences payable, end of year	\$	<u>21,959</u>

NOTE 7 RETIREMENT SYSTEM

All employees of the Bossier Levee District are covered by the Social Security System. Employees contribute 6.2 percent of their total salary to the System, while the District contributes a like amount. For the year ended June 30, 2004, total contributions to the System were \$41,932 of which the District contributed \$20,966 and employees contributed \$20,966. Total payroll for the year ended June 30, 2004 was \$338,155 and total payroll covered by the System was \$338,155. Any future deficits in this System will be financed by the United States Government. The District has no further liability to the System for the ended June 30, 2004.

NOTE 8 LEASE OBLIGATIONS

The Bossier Levee District was not obligated under any capital or operating lease commitments at June 30, 2004.

NOTE 9 RISK MANAGEMENT

The Bossier Levee District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District.

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 10 LITIGATION

The Bossier Levee District is involved in several lawsuits as of the close of business on June 30, 2004. Although the outcome of these lawsuits are not determinable at this stage of the proceedings, the potential losses not covered by applicable insurance is not considered to be significant in relation to the District's overall financial condition.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Fav./Unfav.</u>
REVENUES				
Taxes	\$ 1,230,415	\$ 1,230,415	\$ 1,113,058	\$ (117,357)
State revenue sharing	157,000	157,000	160,704	3,704
Intergovernmental revenues	0	590,000	590,000	0
Interest income	90,350	90,350	212,898	122,548
Royalties and leases	63,000	63,445	94,184	30,739
Miscellaneous	<u>9,500</u>	<u>9,500</u>	<u>(125,042)</u>	<u>(134,542)</u>
Total Revenues	1,550,265	2,140,710	2,045,802	(94,908)
EXPENDITURES				
General government				
Personal services	537,811	537,811	496,188	41,623
Travel	20,600	20,600	11,057	9,543
Operating services	745,800	745,800	308,487	437,313
Supplies	111,700	111,700	18,649	93,051
Professional services	13,900	13,900	3,938	9,962
Capital outlay	<u>370,000</u>	<u>965,000</u>	<u>903,609</u>	<u>61,391</u>
Total Expenditures	<u>1,799,811</u>	<u>2,394,811</u>	<u>1,741,928</u>	<u>652,883</u>
Excess/(Deficiency) Of Revenues Over Expenditures	(249,546)	(254,101)	303,874	557,975
Fund Balance, Beginning of year	<u>5,006,475</u>	<u>5,006,475</u>	<u>5,006,475</u>	<u>0</u>
Fund Balance, End of year	<u>\$ 4,756,929</u>	<u>\$ 4,752,374</u>	<u>\$ 5,310,349</u>	<u>\$ 557,975</u>

OTHER SUPPLEMENTARY INFORMATION

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2004

<u>Commissioners</u>	
James D. Brown	\$ 975
Eric P. Johnson	12,000
Timothy Larkin	675
Raymond Lasseigne	1,275
Kenneth Loftin	975
Roy L. Pilkinton	1,725
Robert T. Stinson, III	1,500
Thomas J. Taylor	<u>675</u>
Total	<u>\$ 19,800</u>

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

SCHEDULE 3

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
SCHEDULE OF STATE FUNDING
JUNE 30, 2004

DESCRIPTION OF FUNDING

State Revenue Sharing	160,704
Facility Planning and Control	<u>590,000</u>
Total	<u>\$ 750,704</u>

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004

SECTION #1

SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

- | | | |
|----|---|-------------|
| 1. | Type of auditors' report issued. | Unqualified |
| 2. | Internal control over financial reporting: | |
| | a) Material weaknesses identified? | None |
| | b) Reportable conditions identified not considered to be material weaknesses? | None |
| | c) Noncompliance material to the financial statements noted? | None |

SECTION #2

FINANCIAL STATEMENT FINDINGS

None reported.

HINES, JACKSON & HINES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 2188 - 133 EAST FIFTH STREET
NATCHITOCHE, LA 71457

FRANK S. HINES, CPA
LEWIS C. HINES, CPA
E. MERLIN SQUYRES, CPA
JAY H. SHEFFIELD, CPA

A. NEILL JACKSON, JR., CPA
1926-1999

Telephone (318) 352-6458
FAX (318) 352-0404
office@hjhcpa.biz

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

Board of Commissioners
Bossier Levee District
Bossier City, Louisiana 71113

We have audited the basic financial statements of the Bossier Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 2004, and have issued our report thereon dated July 30, 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.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bossier Levee District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the Bossier Levee District and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than the specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Hines, Jackson & Hines

Natchitoches, Louisiana
July 30, 2004

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
-----------------	---	-------------------------------	---	--

Nothing came to our attention that would require disclosure under Government Auditing Standards.

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Correct Action Planned</u>	<u>Name(s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
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Nothing came to our attention that would require disclosure under Government Auditing Standards.

**DIVISION OF ADMINISTRATION
REPORTING PACKAGE**

EXHIBIT G

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 148,879	\$ 92,579
Investments	5,144,504	4,918,232
Accounts receivable	34,872	7,431
Total Current Assets	<u>5,328,255</u>	<u>5,018,242</u>
Noncurrent Assets		
Capital assets, net	<u>1,632,077</u>	<u>855,383</u>
Total Assets	<u>\$ 6,960,332</u>	<u>\$ 5,873,625</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts payable and accruals	\$ 17,906	\$ 11,767
Total Current Liabilities	<u>17,906</u>	<u>11,767</u>
Noncurrent Liabilities		
Compensated absences payable	<u>21,959</u>	<u>20,293</u>
Total Liabilities	39,865	32,060
NET ASSETS		
Investment in capital assets, net of related debt	1,632,077	855,383
Unrestricted	<u>5,288,390</u>	<u>4,986,182</u>
Total Net Assets	<u>6,920,467</u>	<u>5,841,565</u>
Total Liabilities and Net Assets	<u>\$ 6,960,332</u>	<u>\$ 5,873,625</u>

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
OPERATING REVENUES		
Operating grants and contributions	\$ 590,000	\$ 0
Total Operating Revenues	590,000	0
OPERATING EXPENDITURES		
Personal services	497,854	410,198
Travel	11,057	9,981
Operating services	308,487	312,863
Supplies	18,649	25,769
Professional services	3,938	5,700
Depreciation	126,915	103,012
Total Operating Expenditures	<u>966,900</u>	<u>867,523</u>
Operating Income/(Loss)	(376,900)	(867,523)
NONOPERATING REVENUES/(EXPENSES)		
Taxes	1,113,058	1,080,753
State revenue sharing	160,704	157,442
Interest income	212,898	102,354
Royalties and leases	94,184	83,978
Miscellaneous	(125,042)	3,719
Total Nonoperating Revenues/(Expenses)	<u>1,455,802</u>	<u>1,428,246</u>
Change in Net Assets	1,078,902	560,723
Total Net Assets, Beginning of year	<u>5,841,565</u>	<u>5,280,842</u>
Total Net Assets, End of year	<u>\$ 6,920,467</u>	<u>\$ 5,841,565</u>

The accompanying notes are an integral part of this statement.

EXHIBIT I

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
 STATEMENT OF ACTIVITIES
 FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	2004		2003	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
Bossier Levee District	\$ 966,900	\$ 0	\$ 590,000	\$ (867,523)
General Revenues:				
Taxes				1,080,753
State revenue sharing				157,442
Interest income				102,354
Royalties and leases				83,978
Miscellaneous				(3,719)
Total General Revenues				1,428,246
Change in Net Assets			1,078,902	560,723
Net Assets, Beginning of year			5,841,565	5,280,842
Net Assets, End of year			\$ 6,920,467	\$ 5,841,565

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Cash Flows From Operating Activities		
Cash payments to suppliers for goods and services	\$ (337,373)	\$ (351,639)
Cash payments to employees and board members for services	(494,807)	(405,777)
Other operating revenues/(expenses)	<u>590,000</u>	<u>0</u>
Net Cash From Operating Activities	(242,180)	(757,416)
Cash Flows From Non-Capital Financing Activities		
Cash receipts of taxes	1,111,901	1,080,543
State revenue sharing	160,704	157,442
Royalties and leases	91,802	83,626
Miscellaneous revenues	<u>31,097</u>	<u>3,719</u>
Net Cash From Non-Capital Financing Activities	1,395,504	1,325,330
Cash Flows From Capital and Related Financing Activities		
Acquisition/construction of capital assets	<u>(903,609)</u>	<u>(490,784)</u>
Net Cash From Capital and Related Financing Activities	(903,609)	(490,784)
Cash Flows From Investing Activities		
Purchase of investments	(6,201,529)	(185,288)
Sale of investments	5,819,118	0
Interest income	<u>188,996</u>	<u>102,139</u>
Cash Flows From Investing Activities	<u>(193,415)</u>	<u>(83,149)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	56,300	(6,019)
Cash and Cash Equivalents, Beginning of year	<u>92,579</u>	<u>98,598</u>
Cash and Cash Equivalents, End of year	<u>\$ 148,879</u>	<u>\$ 92,579</u>
	<u>2004</u>	<u>2003</u>
Reconciliation of Operating Loss to Net Cash From Operating Activities		
Operating income/(loss)	\$ (376,900)	\$ (867,523)
Adjustments to reconcile operating loss to net cash from operating activities		
Depreciation expense	126,915	103,012
(Increase)/decrease in operating assets		
Accounts receivable	0	0
Increase/(decrease) in operating liabilities		
Accounts payable and accruals	6,139	3,898
Compensated absences payable	<u>1,666</u>	<u>3,197</u>
Net Cash Flows From Operating Activities	<u>\$ (242,180)</u>	<u>\$ (757,416)</u>

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

The Bossier Levee District was created by the Louisiana State Legislature under the provisions of the Louisiana constitution of 1974; Article 6, Section 34. The Levee District includes all or portion of the following parishes: Bossier and Red River. The Levee District primarily provides flood protection for those areas contained in the District. The Board of Commissioners administers the operations and responsibilities of the Levee District in accordance with the provisions of Louisiana statute. The eight members of the Board of Commissioners which governs the District are appointed by the governor of the State of Louisiana.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 the Bossier Levee District present information only as to the transactions of the programs of the Bossier 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 Bossier 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

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

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Budgetary Accounting (Continued)

State appropriations made for the operations of the various programs of the Bossier 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:

Original Approved Budget	\$	0
Amendments		0
Final Approved Budget	\$	<u>0</u>

C. Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows and consistent with GASB Statement 9, the District defines cash and cash equivalents as follows:

Cash - includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents - includes all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

D. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

E. Bad Debts

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At June 30, 2004, \$0 were considered to be uncollectible.

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital Assets

Capital assets are carried at historical costs. Depreciation of all exhaustible capital assets used by the District are charged as an expense against operations in the Statement of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Assets. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 40 years for buildings and building improvements and 5 to 7 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized.

G. Compensated Absences

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

H. Estimates

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

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

A. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions including savings, demand deposits, time deposits, and certificates of deposit. Under state law the Bossier Levee District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further the 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.

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 bank. 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. The deposits at June 30, 2004 were secured as follows:

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Deposits in bank accounts per balance sheet	\$ 148,879	\$ 100,000	\$ 248,879
	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Bank Balances (Category 3 Only, If Any)			
a. Uninsured and uncollateralized	\$ 0	\$ 0	\$ 0
b. Uninsured and uncollateralized with securities held by the pledging institution	0	0	0
c. Uninsured and uncollateralized with securities held by the pledging institution's trust department or agent but not in the entity's name	0	0	0
Total Category 3 Bank Balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Bank Balances (All Categories Including Category 3 Reported Above)	<u>\$ 212,575</u>	<u>\$ 100,000</u>	<u>\$ 312,575</u>

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

<u>Banking Institution</u>	<u>Amount</u>
First National Bank	\$ 212,575
State Farm Bank	<u>100,000</u>
Total	<u>\$ 312,575</u>

B. Investments

The Bossier Levee District maintains investment accounts as authorized by the Louisiana Revised Statutes. Under state law, the District may invest in obligations of the U. S. Treasury and U. S. Agencies, or certificates of deposit. Investments are carried at fair market value as of the balance sheet date.

Investments can be classified according to the level of risk to the entity. Investments made by the Bossier Levee District as of June 30, 2004 are summarized below by the category of risk.

Category 1	Insured or registered in the entity's name, or security held by the entity or its agent in the entity's name.
Category 2	Uninsured or registered with securities held by the counterparty's trust department or agent in the entity's name.
Category 3	Unsecured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the entity's name.

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)

Type of Investments	Amount Reported in Risk Category 3, If Any		Total Reported Amount - All Categories (Including Category 3)	Total Fair Value - All Categories (Including Category 3)
	Held By Counterparty	Held By Counterparty's Trust Dept. Or Agent Not In Entity's Name		
Louisiana Asset Management Pool, Inc. (LAMP)	\$ 0	\$ 0	\$ 295,539	\$ 295,539
Money market accounts	0	0	102,548	102,548
U. S. Government securities	0	0	4,646,417	4,646,417
Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,044,504</u>	<u>\$ 5,044,504</u>

NOTE 3 ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at June 30, 2004:

Class of Receivable	
Ad valorem taxes	\$ 1,367
Interest	26,214
Royalties and leases	7,291
Other	0
Total	<u>\$ 34,872</u>

NOTE 4 CAPITAL ASSETS

A summary of the Bossier Levee District's capital assets at June 30, 2004 follows:

	Balance July 1, 2003	Additions	Retirements	Balance June 30, 2004
Capital Assets, not being depreciated				
Land	\$ 128,719	\$ 105,000	\$ 0	\$ 233,719
Construction in progress	0	216,659	0	216,659
Total Capital Assets, not being depreciated	<u>128,719</u>	<u>321,659</u>	<u>0</u>	<u>450,378</u>
Capital Assets, being depreciated				
Buildings and building improvements	727,274	484,593	(11,300)	1,200,567
Less accumulated depreciation	<u>(212,406)</u>	<u>(40,715)</u>	<u>11,300</u>	<u>(241,821)</u>
Total Buildings and building improvements	514,868	443,878	0	958,746
Automobiles and equipment	804,014	97,357	(179,744)	721,627
Less accumulated depreciation:	<u>(592,218)</u>	<u>(86,200)</u>	<u>179,744</u>	<u>(498,674)</u>
Total Automobiles and equipment	<u>211,796</u>	<u>11,157</u>	<u>0</u>	<u>222,953</u>
Total Capital Assets, being depreciated	<u>726,664</u>	<u>455,035</u>	<u>0</u>	<u>1,181,699</u>
Total Capital Assets, net	<u>\$ 855,383</u>	<u>\$ 776,694</u>	<u>\$ 0</u>	<u>\$ 1,632,077</u>

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 5 ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable at June 30, 2004:

Class of Payable		
Vendor	\$	12,659
Salaries and benefits		5,247
Other		0
Total	\$	17,906

NOTE 6 COMPENSATED ABSENCES

At June 30, 2004, employees of the Bossier Levee District had accumulated \$ 21,959 in annual leave benefits which were computed in accordance with GASB Codification Section C 60. The following is a summary of the changes in accumulated annual leave benefits for the year ended June 30, 2004.

Compensated absences payable, beginning of year	\$	20,293
Additions		17,659
Deletions		(15,993)
Compensated absences payable, end of year	\$	21,959

NOTE 7 RETIREMENT SYSTEM

All employees of the Bossier Levee District are covered by the Social Security System. Employees contribute 6.2 percent of their total salary to the System, while the District contributes a like amount. For the year ended June 30, 2004, total contributions to the System were \$41,932 of which the District contributed \$20,966 and employees contributed \$20,966. Total payroll for the year ended June 30, 2004 was \$338,155 and total payroll covered by the System was \$338,155. Any future deficits in this System will be financed by the United States Government. The District has no further liability to the System for the ended June 30, 2004.

NOTE 8 LEASE OBLIGATIONS

The Bossier Levee District was not obligated under any capital or operating lease commitments at June 30, 2004.

NOTE 9 RISK MANAGEMENT

The Bossier Levee District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District.

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 10 LITIGATION

The Bossier Levee District is involved in several lawsuits as of the close of business on June 30, 2004. Although the outcome of these lawsuits are not determinable at this stage of the proceedings, the potential losses not covered by applicable insurance is not considered to be significant in relation to the District's overall financial condition.

SUPPLEMENTAL SCHEDULES

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2004

<u>Commissioners</u>	
James D. Brown	\$ 975
Eric P. Johnson	12,000
Timothy Larkin	675
Raymond Lasseigne	1,275
Kenneth Loftin	975
Roy L. Pilkinton	1,725
Robert T. Stinson, III	1,500
Thomas J. Taylor	<u>675</u>
Total	<u>\$ 19,800</u>

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

SCHEDULE 8

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
SCHEDULE OF STATE FUNDING
JUNE 30, 2004

DESCRIPTION OF FUNDING

State Revenue Sharing	160,704
Facility Planning and Control	<u>590,000</u>
Total	<u>\$ 750,704</u>

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
SCHEDULE OF LONG-TERM DEBT
JUNE 30, 2004

None.

STATE OF LOUISIANA
BOSSIER LEVEE DISTRICT
SCHEDULE OF LONG-TERM DEBT AMORTIZATION
JUNE 30, 2004

None.