

**ATCHAFALAYA BASIN LEVEE DISTRICT
STATE OF LOUISIANA**

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

**As of June 30, 2004
and for the Years Ended June 30, 2004 and 2003
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 9-8-04

**ATCHAFALAYA BASIN LEVEE DISTRICT
525 COURT STREET
PORT ALLEN, LOUISIANA 70767
(225) 387-2249**

GOVERNING BOARD

as of June 30, 2004

<u>PARISH</u>	<u>COMMISSIONER</u>
Ascension	Gerald Alexander
Assumption	Earl Matherne
Iberia	Jackie Judice
Iberville	Daniel H. Hebert
Iberville	Harry Marionneaux
Iberville	Nickie Rockforte
Pointe Coupee	Stephen Juge
Pointe Coupee	John Grezaffi
St Landry	Bradley Grimmett
St Martin	Johnny Raymond
St Martin	Ray Brignac
St Mary	Ralph Longman
West Baton Rouge	Bill Flynn
West Baton Rouge	Mike Maranto

William C. Tyson, Executive Director

William C. Dupont, Legal Counsel

MEETING DATES

1st Wednesday of Every Month
5:00 PM - District's Office

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Leroy J. Chustz
Certified Public Accountant, APAC

P. O. Box 158
Denham Springs, LA 70727-0158
225/667-2700
Fax: 225/667-3553

and

Beverly A. Ryall
Certified Public Accountant

7426 President Dr.
Baton Rouge, LA 70817
225/752-5147
Fax: 225/752-5147

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

**Board of Levee Commissioners of the
Atchafalaya Basin Levee District
State of Louisiana
Port Allen, Louisiana**

We have audited the accompanying basic financial statements of the **Atchafalaya Basin Levee District**, a component unit of the State of Louisiana, as of June 30, 2004 and for the years ended June 30, 2004 and 2003, as listed in the Table of Contents. These basic financial statements are the responsibility of **Atchafalaya Basin Levee District's** management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the **Atchafalaya Basin Levee District**, as of June 30, 2004, and the results of its operations for the years ended June 30, 2004 and 2003, in conformity with accounting principles generally accepted in the United States of America.

The accompanying Management's Discussion and Analysis, as listed in the Table of Contents, is required supplementary information and therefore, is not a required part of the basic financial statements but is supplementary information required by the Government 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 required supplementary information. However, we did not audit the information and express no opinion on it.

The accompanying required supplementary information, including the Budget Comparison as listed in the Table of Contents is 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.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the **Atchafalaya Basin 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 is presented for purpose of additional analysis and are not a required part of the *basic financial statements of the Atchafalaya Basin Levee District*. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2004, on our consideration of the **Atchafalaya 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.

Leroy J. Chustz

Certified Public Accountant, APAC
August 11, 2004

Beverly A. Ryall

Certified Public Accountant

STATE OF LOUISIANA
ATCHAFALAYA BASIN LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004

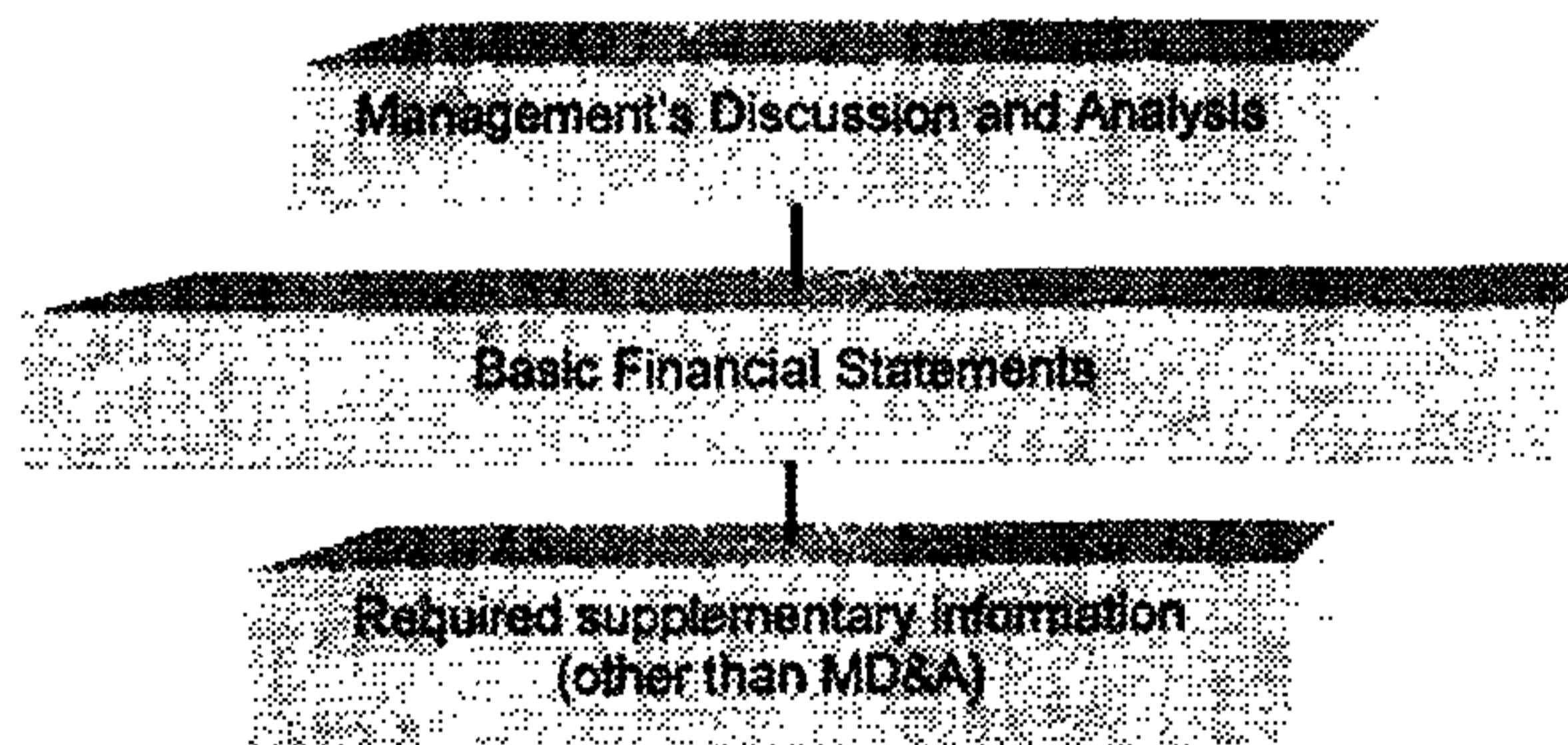
The Management's Discussion and Analysis of the **Atchafalaya Basin Levee District's** financial performance presents a narrative overview and analysis of **Atchafalaya Basin Levee District's** financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the **Atchafalaya Basin Levee District's** financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

- ★ The **Atchafalaya Basin Levee District's** assets exceeded its liabilities at the close of fiscal year 2004 by \$9,993,565 which represents a 5.87% increase from last fiscal year.
- ★ The **Atchafalaya Basin Levee District's** revenue increased \$193,518 (or 4.95%) and the net results from activities increased by \$372,762 (or 205.26%).

OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

STATE OF LOUISIANA
 ATCHAFALAYA BASIN LEVEE DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 AS OF JUNE 30, 2004

Basic Financial Statements

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

The Balance Sheet (page 7) presents the current and long term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the **Atchafalaya Basin Levee District** is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 8) presents information showing how **Atchafalaya Basin Levee District's** assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statement (pages 10 - 11) presents information showing how **Atchafalaya Basin Levee District's** cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income(loss) to net cash provided(used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets
 as of June 30, 2004
 (in thousands)

	Total	
	2004	2003
Current and other assets	\$ 7,949	\$ 7,190
Capital assets	2,319	2,669
Total assets	10,268	9,859
Other liabilities	75	126
Long-term debt outstanding	198	194
Total liabilities	273	320
Net assets:		
Invested in capital assets, net of debt	2,318	2,669
Restricted		
Unrestricted	7,676	6,870
Total net assets	\$ 9,994	\$ 9,439

**STATE OF LOUISIANA
 ATCHAFALAYA BASIN LEVEE DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 AS OF JUNE 30, 2004**

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

Net assets of Atchafalaya Basin Levee District's increased by \$554,370, or 5.87%, from June 30, 2003 to June 30, 2004. One of the causes of this increase was cost cutting measures in anticipation of reduced revenues and reflected in the adopted budget.

**Statement of Revenues, Expenses, and Changes in Fund Net Assets,
 for the years ended June 30, 2004
 (in thousands)**

	Total	
	2004	2003
Operating revenues	\$ 4,051	\$ 3,654
Operating expenses	3,580	3,728
Operating income(loss)	471	126
Non-operating revenues(expenses)	83	56
Income(loss) before transfers	554	182
Transfers in		
Transfers out		
Net increase(decrease) in net assets	\$ 554	\$ 182

The Atchafalaya Basin Levee District's total revenues increased by \$ 223,517 or 5.72%. The total cost of all programs and services decreased by \$149,245 or 4.00%.

STATEMENT OF CASH FLOWS

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

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

STATE OF LOUISIANA
 ATCHAFALAYA BASIN LEVEE DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 AS OF JUNE 30, 2004

Statement of Cash Flows
 (in thousands)

	2004	2003
Cash and cash equivalents provided used by:		
Operating activities	\$ 703	\$ -338
Capital Financial Activities	-19	
Non-capital financing activities		3,441
Investing activities	-1,828	99
Net increase in cash and cash equivalents	-1,145	202
Cash and cash equivalents		
Beginning of year	7,179	6,977
End of year	\$ 6,034	\$ 7,179

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2004, the Atchafalaya Basin Levee District had \$2,317,904 invested in a broad range of capital assets. (See Table below)

This amount represents a net decrease (including additions and deductions) of \$251,484, or 9.79%, over last year.

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

	2004	2003
Land	\$ 16	\$ 16
Buildings and improvements	1,294	1,366
Equipment	1,008	1,187
Infrastructure		
Totals	\$ 2,318	\$ 2,569

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

- Machinery and equipment totaling \$102

**STATE OF LOUISIANA
 ATCHAFALAYA BASIN LEVEE DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 AS OF JUNE 30, 2004**

Debt

The Atchafalaya Basin Levee District had \$ _____ thousand in bonds and notes outstanding at year-end, compared to \$ _____ thousand last year, an increase of _____ % as shown in the table below.

Outstanding Debt at Year-end
 (in thousands)

	<u>2004</u>	<u>2003</u>
General Obligation Bonds	\$ _____	\$ _____
Revenue Bonds and Notes	_____	_____
Totals \$	<u>\$ _____</u>	<u>\$ _____</u>

New debt resulted from _____.

The Atchafalaya Basin Levee District's bond rating continues to carry the _____ rating for general obligation bonds, and _____ rating for other debt.

The Atchafalaya Basin Levee District has claims and judgments of \$ _____ outstanding at year-end compared with \$ _____ last year. Other obligations include accrued vacation pay and sick leave.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately \$781 thousand over budget and expenditures were \$143 thousand less than budget due in part to cost cutting measures in anticipation of reduced revenues.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Atchafalaya 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:

- Significant increases in group insurance premiums
- Significant increases in retirement expense
- Expectations of increases in fuel costs

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

- Cost cutting measures

**STATE OF LOUISIANA
ATCHAFALAYA BASIN LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004**

CONTACTING THE ATCHAFALAYA BASIN LEVEE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the **Atchafalaya Basin Levee District's** finances and to show the **Atchafalaya Basin Levee District's** accountability for the money it receives. If you have questions about this report or need additional financial information, contact **George F. Delaune, CPA at (225) 937-9735.**

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.

**ATCHAFALAYA BASIN LEVEE DISTRICT
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET ASSETS
JUNE 30, 2004**

ASSETS

Current Assets

Cash and cash equivalents	\$	6,034,858.94
Investments		1,886,493.58
Receivable - ad valorem taxes		2,486.51
Receivable - royalties and leases		22,386.48
Interest receivable		2,325.00
Total Current Assets		<u>7,948,550.51</u>

Noncurrent Assets

Capital assets -		
Land		16,000.00
Buildings and improvements		1,667,770.62
Machinery and equipment		3,882,370.64
Accumulated depreciation		(3,248,236.73)
Total noncurrent assets		<u>2,317,904.53</u>

TOTAL ASSETS

10,266,455.04

LIABILITIES

Current Liabilities

Accounts payable		4,937.99
Deferred revenue		66,364.67
Bid bonds and lease deposits		3,599.80
Total Current Liabilities		<u>74,902.46</u>

Noncurrent Liabilities

Compensated absences		197,987.28
Total Noncurrent Liabilities		<u>197,987.28</u>

TOTAL LIABILITIES

272,889.74

NET ASSETS

Investment in capital assets		2,317,904.53
Unrestricted		7,675,660.77
TOTAL NET ASSETS		<u>\$ 9,993,565.30</u>

See accompanying notes to the basic financial statements.

**ATCHAFALAYA BASIN LEVEE DISTRICT
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004**

Functions\Programs	Expenses	Capital Grants	Net (Expense) Revenues & Changes in Net Assets
GOVERNMENTAL ACTIVITIES:			
Public Safety - Flood Protection:			
Personal services	\$ 1,716,790.78		\$ (1,716,790.78)
Employee benefits	901,595.42		(901,595.42)
Professional services	59,436.84		(59,436.84)
Travel	37,044.60		(37,044.60)
Materials and supplies	293,424.05		(293,424.05)
Insurance	119,658.00		(119,658.00)
Police protection	16,513.20		(16,513.20)
Administrative	48,579.09		(48,579.09)
Deductions from ad valorem taxes	114,608.34		(114,608.34)
Other	6,234.18		(6,234.18)
Belle river boat landing	26,301.42	83,150.35	56,848.93
Depreciation expense	354,018.28		(354,018.28)
	\$ 3,694,204.20	\$ 83,150.35	(3,611,053.85)
 GENERAL REVENUES:			
Taxes -			
Ad valorem			3,046,687.08
Intergovernmental -			
State revenue sharing			224,563.55
Terrebonne Levee and Conservation District			208,532.50
Royalties and leases			458,165.14
Investment income			61,341.62
Miscellaneous			166,133.65
			4,165,423.54
 Change in Net Assets			554,369.69
 NET ASSETS AT JUNE 30, 2003			9,439,195.61
 NET ASSETS AT JUNE 30, 2004			\$ 9,993,565.30

See accompanying notes to the basic financial statements.

**ATCHAFALAYA BASIN LEVEE DISTRICT
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2003**

<u>Functions\Programs</u>	<u>Expenses</u>	<u>Capital Grants</u>	<u>Net (Expense) Revenues & Changes in Net Assets</u>
GOVERNMENTAL ACTIVITIES:			
Public Safety - Flood Protection:			
Personal services	\$ 1,659,163.41		\$ (1,659,163.41)
Employee benefits	1,012,639.18		(1,012,639.18)
Travel	28,199.03		(28,199.03)
Materials and supplies	326,940.50		(326,940.50)
Insurance	132,867.00		(132,867.00)
Professional services	92,196.31		(92,196.31)
Police protection	13,637.48		(13,637.48)
Administrative	49,264.01		(49,264.01)
Decuctions from ad valorem taxes	110,683.69		(110,683.69)
Other	5,961.05		(5,961.05)
Belle river boat landing	22,409.62	56,153.55	33,743.93
Depreciation expense	385,563.05		(385,563.05)
Total Governmental Activities	<u>\$ 3,839,524.33</u>	<u>\$ 56,153.55</u>	<u>(3,783,370.78)</u>
GENERAL REVENUES:			
Taxes -			
Ad valorem			3,030,909.12
Protested taxes			205.76
Intergovernmental -			
Reimbursement from Louisiana DNR			148,819.67
State revenue sharing			219,146.37
Terrebonne Levee and Conservation District			202,410.37
Royalties and leases			208,683.04
Investment income			98,653.54
Miscellaneous			56,150.61
Total General Revenues			<u>3,964,978.48</u>
Change in Net Assets			<u>181,607.70</u>
NET ASSETS AT JUNE 30, 2002			9,206,749.18
Prior year adjustments (Note 2.B.)			50,838.73
NET ASSETS AT JUNE 30, 2002, adjusted			<u>9,257,587.91</u>
NET ASSETS AT JUNE 30, 2003			<u>\$ 9,439,195.61</u>

See accompanying notes to the basic financial statements.

**ATCHAFALAYA BASIN LEVEE DISTRICT
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2004**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 6,033,931.49
Investments	1,887,421.03
Receivable - ad valorem taxes	2,486.51
Receivable - royalties and leases	22,386.48
Interest receivable	<u>2,325.00</u>
TOTAL ASSETS	<u>\$ 7,948,550.51</u>
 LIABILITIES AND FUND BALANCE	
<i>Liabilities:</i>	
Accounts payable	\$ 4,937.99
Deferred revenue	66,364.67
Bid bonds and lease deposits	<u>3,599.80</u>
 Total Liabilities	 <u>74,902.46</u>
 <i>Fund Balance:</i>	
Unreserved - undesignated	<u>7,873,648.05</u>
 Total Fund Balance	 <u>7,873,648.05</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 7,948,550.51</u>

See accompanying notes to the basic financial statements.

**ATCHAFALAYA BASIN LEVEE DISTRICT
FUND FINANCIAL STATEMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004**

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

Total Governmental Fund Balance	\$ 7,873,648.05
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$3,248,236.73	2,317,904.53
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds: Compensated absences	<u>(197,987.28)</u>
Net Assets of Governmental Activities	<u><u>\$ 9,993,565.30</u></u>

See accompanying notes to the basis financial statements.

**ATCHAFALAYA BASIN LEVEE DISTRICT
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004**

	General Fund
Revenues:	
Taxes	\$ 3,046,687.08
State revenue sharing	224,563.55
Terrebonne Levee and Conservation District	208,532.50
Interest earnings	61,341.62
Royalties, leases, and permits	458,165.14
Belle River boat landing	83,150.35
Other	166,133.65
Total Revenues	4,248,573.89
 Expenditures:	
Current -	
Personal services	1,716,790.78
Employee benefits	897,610.74
Professional services	59,436.84
Travel	37,044.60
Materials and supplies	293,424.05
Insurance	119,658.00
Police Protection	16,513.20
Administration	48,579.09
Deductions from ad valorem taxes	114,608.34
Other	6,234.18
Belle river boat landing	26,301.42
Capital outlays	102,534.21
Total Expenditures	3,438,735.45
Excess of Revenues (Expenditures)	809,838.44
FUND BALANCE - JUNE 30, 2003	7,063,809.61
FUND BALANCE - JUNE 30, 2004	\$ 7,873,648.05

See accompanying notes to the basic financial statements.

**ATCHAFALAYA BASIN LEVEE DISTRICT
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2004**

Reconciliation of the change in fund balance - total governmental funds to the change in net assets of governmental activities:

Net change in fund balance - total governmental funds	\$ 809,838.44
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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	102,534.21
Depreciation expense	(354,018.28)

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

Accrued compensated absences	<u>(3,984.68)</u>
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Change in Net Assets of Governmental Activities	<u>\$ 554,369.69</u>
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**ATCHAFALAYA BASIN LEVEE DISTRICT
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2003**

	<u>General Fund</u>
Revenues:	
Taxes -	
Ad valorem	\$ 3,030,909.12
Protested taxes	205.76
Intergovernmental -	
Reimbursement from Louisiana Department of Natural Resources	148,819.67
State revenue sharing	219,146.37
Terrebonne Levee and Conservation District	202,410.37
Interest earnings	98,653.54
Royalties, leases, and permits	208,683.04
Belle river boat landing	56,153.55
Other	88,578.79
Total Revenues	<u>4,053,560.21</u>
 Expenditures:	
Current -	
Personal services	1,659,163.41
Employee benefits	1,010,090.62
Professional services	92,196.31
Travel	28,199.03
Materials and supplies	326,940.50
Insurance	132,867.00
Police Protection	13,637.48
Administration	49,264.01
Deductions from ad valorem taxes	110,683.69
Other	5,859.05
Belle river boat landing	22,409.62
Capital outlays	350,757.87
Total Expenditures	<u>3,802,068.59</u>
 Excess of Revenues (Expenditures)	 251,491.62
 FUND BALANCE - JUNE 30, 2002	 6,761,479.26
Prior year adjustments (Note 2.B.)	50,838.73
FUND BALANCE - JUNE 30, 2003	<u><u>\$ 7,063,809.61</u></u>

See accompanying notes to the basic financial statements.

**ATCHAFALAYA BASIN LEVEE DISTRICT
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2003**

Reconciliation of the change in fund balance - total governmental funds to the change in net assets of governmental activities:

Net change in fund balance - total governmental funds	\$	251,491.62
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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		350,757.87
Depreciation expense		(385,563.05)

In the Statement of Activities, only the gain on the sale of surplus property is reported, whereas in the governmental funds, the proceeds of the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the basis of the property sold.		(32,530.18)
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Some expenses reported in the Statement of Activities do not require use of current financial resources and therefore are not reported as expenditures in governmental funds:

Accrued compensated absences		<u>(2,548.56)</u>
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Change in Net Assets of Governmental Activities	\$	<u>181,607.70</u>
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**ATCHAFALAYA BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.A. INTRODUCTION

The Atchafalaya Basin Levee District and its Board of Levee Commissioners was created by Louisiana Revised Statute 38:291. Its Commissioners are appointed by the Governor of Louisiana. The District includes all or portions of the following parishes: Ascension, Assumption, Iberia, Iberville, Pointe Coupee, St. Landry, St. Martin, St. Mary, and West Baton Rouge. The District primarily provides flood protection for those areas in the District. The Board of Levee Commissioners of the Atchafalaya Basin Levee District administers the operations and responsibilities of the District in accordance with the provisions of Louisiana Revised Statute 38:304. The Atchafalaya Basin Levee District is a component unit of the State of Louisiana and is an integral part of such reporting entity. The Atchafalaya Basin Levee District was created by Louisiana State Legislature, Act 716 of 1978 effective January 1, 1979, from the territory removed from the Pontchartrain Levee District.

The accounting and reporting framework and the more significant accounting principles and practices of the Atchafalaya 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 Atchafalaya Basin Levee District's financial activities for the fiscal years ended June 30, 2004 and 2003. The Atchafalaya Basin Levee District implemented new reporting model standards beginning July 1, 2000. Comparability with reports of all prior years will be affected. Also see Note 2.B.

1.B. FINANCIAL REPORTING ENTITY

GASB Statement No. 14, "The Financial Reporting Entity," has defined the governmental reporting entity to be the State of Louisiana. The Atchafalaya 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 Atchafalaya Basin Levee District, a component unit of the State of Louisiana.

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

1.C. BASIS OF PRESENTATION

Government-wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the Atchafalaya Basin Levee District. The

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

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

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

Governmental Fund

General Fund

The **General Fund** is the primary operating fund of the Atchafalaya 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.

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

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

Cash and Cash Equivalents, and Investments

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

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

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

Receivables

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

In the fund financial statements, material receivables in governmental funds include revenue accruals such as ad valorem taxes, grants and other similar intergovernmental revenues, and royalties and

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leases since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. 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

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

The Division of Administration, State of Louisiana, in a letter dated June 11, 2002, has advised that the Atchafalaya 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 Atchafalaya Basin Levee District is required to report only a separate note disclosure of the MR&T Levees in the financial statement. The Atchafalaya Basin Levee District mows grass and does minor repairs with its own workforce. Major repairs are normally made by the U.S. Corps of Engineers.

Depreciation

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

- | | |
|-------------|------------|
| - Buildings | 40 years |
| - Equipment | 3-10 years |

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Fund Financial Statements

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

Compensated Absences

Employees of the Atchafalaya 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 maybe accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused vacation leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused vacation leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits.

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

Equity Classifications

Government-wide Statements

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

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

Fund Statements

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

1.F. REVENUES, EXPENDITURES, AND EXPENSES

Property Tax

Article 6, Section 39 of the Louisiana Constitution of 1974 provides that for the purpose of constructing and maintaining levees, levee drainage, flood protection, hurricane flood protection, and

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all other purposes incidental thereto, the levee district may levy annually a tax not to exceed five mills. If the levee district needs to raise additional funds in excess of the amount collected constitutionally, the taxes in excess of five mills must be approved by a majority vote of the electors.

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

Expenditures/Expenses

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

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

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

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

NOTE 2. - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

2.A. FUND ACCOUNTING REQUIREMENTS

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

2.B. RESTATEMENTS

The Atchafalaya Basin Levee District previously overstated deferred revenue in the year ended June 30, 2002. As a result, beginning net asset balances in the government wide financial statements are restated. Restatement amounts for are \$50,838.73.

Net assets as of June 30, 2002	\$ 9,206,749
Recognition of revenue incorrectly deferred at 6/30/2002	<u>50,838</u>
Net Assets restated at June 30, 2002	<u><u>\$ 9,257,588</u></u>

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2.C. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

In accordance with state law, all uninsured deposits of the Atchafalaya Basin Levee District in financial institutions must be secured with acceptable collateral valued at the lower of market or par.

Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Louisiana or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Atchafalaya Basin Levee District must have a written collateral agreement approved by the Atchafalaya Basin Levee

District of directors or loan committee. As reflected in Note 3.A., all deposits were fully insured or collateralized.

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

NOTE 3. - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

3.A. CASH AND INVESTMENTS

Deposits

The Atchafalaya 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 Atchafalaya Basin Levee District based upon how its deposits were insured or secured with collateral at June 30, 2004. The categories of credit risk are defined as follows:

Category 1 – Insured by FDIC or collateralized with securities held by the Atchafalaya 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 Atchafalaya 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 Atchafalaya Basin Levee District's name; or collateralized with no written or approved collateral agreement.

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Type of Deposits	Total Bank	Category			Not Required	Total
	Balance	1	2	3	To Be Collateralized	Carrying Value
Demand deposits	\$ 281,610	\$ 100,927		\$ 77,785	\$ 102,898	\$ 182,822
Total Deposits	\$ 281,610	\$ 100,927		\$ 77,785	\$ 102,898	\$ 182,822

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

Investments held at June 30, 2004 consist of \$5,851,836.88 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section I503126, the investment in LAMP at June 30, 2004 is not categorized in the three risk categories provided by GASB Codification Section I50.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have no investment interest in its pool of assets. The primary objective of LAMP is to provide an safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA - R.S.33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, ir instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S.33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001 LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

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Lamp, Inc. Is subject to the regulatory oversight of the State Treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Reconciliation to Government-wide Statement of Net Assets:

Petty cash	\$ 200
Restricted - protested ad valorem taxes	74,523
Demand deposits and money market accounts	108,299
LAMP	5,851,837
	\$ 6,034,859

3.B. INVESTMENTS

The District maintains investments as authorized by LRS 33:2955(A)(1). Investments can be classified by the amount of risk to the District into the following categories.

- Category 1- Insured or registered in the entity's name or securities held by the entity or its agent in the entity's name.
- Category 2- Uninsured and unregistered 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.

At June 30, 2004, the District held investments in U.S. Government Securities (category 2) with an original cost of \$1,893,880.80 and a current market value of \$1,886,493.58.

3.C. CAPITAL ASSETS

The beginning balance of construction in progress has been restated for constructions costs which were charged to current expenditures in earlier years. The amount of the construction costs which have been restated as construction in progress is \$7,539. In addition, accumulated depreciation has been reduced by \$7,641 as of June 30, 2002 because of errors in the depreciation schedule as of that date.

Capital asset activity for the year ended June 30, 2003, was as follows:

	Restated Balance at June 30, 2002	Additions	Disposals	Balance at June 30, 2003
Capital Assets, not being depreciated				
Land	\$ 16,000			\$ 16,000

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Construction in progress	1,106,180	\$ 148,820	\$ (1,255,000)	0
Total Capital Assets, not being depreciated	<u>1,122,180</u>	<u>148,820</u>	<u>(1,255,000)</u>	<u>16,000</u>
Capital Assets, being depreciated				
Building	412,770	1,255,000		1,667,770
Less accumulated depreciation	<u>(228,999)</u>	<u>(72,382)</u>		<u>(301,381)</u>
Total Building, net	<u>183,771</u>	<u>1,182,618</u>		<u>1,366,389</u>
Machinery and equipment	3,800,850	201,938	(222,952)	3,779,836
Less accumulated depreciation	<u>(2,470,180)</u>	<u>(313,181)</u>	<u>190,524</u>	<u>(2,592,837)</u>
Total Machinery and equipment, net	<u>1,330,670</u>	<u>(111,243)</u>	<u>(32,428)</u>	<u>1,186,999</u>
Total Capital Assets, being depreciated	4,213,620	1,456,938	(222,952)	5,447,606
Less accumulated depreciation	<u>(2,699,179)</u>	<u>(385,563)</u>	<u>190,524</u>	<u>(2,894,218)</u>
Total Capital Assets, being depreciated, net	<u>1,514,441</u>	<u>1,071,375</u>	<u>(32,428)</u>	<u>2,553,388</u>
Total Capital Assets, net	<u>\$ 2,636,621</u>	<u>\$ 1,220,195</u>	<u>\$ (1,287,428)</u>	<u>\$ 2,569,388</u>

Capital asset activity for the year ended June 30, 2004, was as follows:

	Balance at June 30, 2003	Additions	Disposals	Balance at June 30, 2004
Capital Assets, not being depreciated				
Land	\$ 16,000			\$ 16,000
Construction in progress	0			0
Total Capital Assets, not being	<u>16,000</u>			<u>16,000</u>
Capital Assets, being depreciated				
Building and improvements	1,667,770			1,667,770
Less accumulated depreciation	<u>(301,381)</u>	<u>\$ (72,381)</u>		<u>(373,762)</u>
Total Building	<u>1,366,389</u>	<u>(72,381)</u>		<u>1,294,008</u>
Machinery and equipment	3,779,836	102,534		3,882,370
Less accumulated depreciation	<u>(2,592,837)</u>	<u>(281,637)</u>		<u>(2,874,474)</u>
Total Machinery and equipment	<u>1,186,999</u>	<u>(179,103)</u>		<u>1,007,896</u>
Total Capital Assets, being depreciated	5,447,606	102,534		5,550,140
Less accumulated depreciation	<u>(2,894,218)</u>	<u>(354,018)</u>		<u>(3,248,236)</u>
Total Capital Assets, being depreciated, net	<u>2,553,388</u>	<u>(251,484)</u>		<u>2,301,904</u>
Total Capital Assets, net	<u>\$ 2,569,388</u>	<u>\$ (251,484)</u>		<u>\$ 2,317,904</u>

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There are 380 miles of Mississippi River & Tributaries Project levees that lie within the jurisdiction of the Atchafalaya Basin Levee District of which 110.5 miles are main line Mississippi River levee and 269.5 miles of Atchafalaya River and Guide levees. 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 380 miles of MR&T levees as of June 30, 2004 is \$219,537,364. This estimate is based on information obtained from the New Orleans District of the U.S. Army Corps of Engineers.

3.D. LONG-TERM DEBT

Governmental Activities

As of June 30, 2004, the governmental long-term debt of the Atchafalaya Basin Levee District consists of the following:

Accrued Compensated Absences:	
Current portion (not determinable)	\$ 0
Noncurrent portion	<u>197,987</u>
Total Governmental activity debt	<u><u>\$ 197,987</u></u>

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the years ended June 30, 2003 and 2004:

	<u>Compensated Absences</u>
Balance - June 30, 2002	\$ 191,454
Additions	123,901
Deletions	<u>(121,352)</u>
Balance - June 30, 2003	\$ 194,003
Additions	123,919
Deletions	<u>(119,935)</u>
Balance - June 30, 2004	<u><u>\$ 197,987</u></u>

NOTE 4. - OTHER NOTES

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS

Pension Plan

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

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

Vested employees may retire at [a] any age with thirty years of service, [b] age 55 with twenty-five years of service, and [c] at age sixty with ten years of service. In addition, vested employees have the option of reduced benefits at any age with twenty years of service. The System also provides death and disability benefits. Benefits are established by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees' Retirement System; P. O. Box 44213; Baton Rouge, LA 70804 or by calling (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and the Atchafalaya Basin Levee District is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal years ended June 30, 2004 and 2003, increased to 15.8% of annual covered payroll from the 14.1% required in fiscal year ended June 30, 2003. The District's

contributions to the System during the fiscal years ended June 30, 2004, 2003, and 2002, were \$232,770, \$192,202, and \$179,407, respectively, equal to the required contribution. Under present statutes, the Atchafalaya Basin Levee District does not guarantee any of the benefits granted by the system.

Postemployment Health Care and Life Insurance Benefits

The Atchafalaya Basin Levee District provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the Atchafalaya Basin Levee District's employees become eligible for these benefits if they reach normal retirement age while working for the Atchafalaya 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 Atchafalaya Basin Levee District. The Atchafalaya Basin Levee District recognizes the cost of providing these benefits as an expenditure when paid during the year. For the years ended June 30, 2004 and 2003, the cost of retiree benefits was \$149,722 for 31 retirees and 7 surviving spouses and \$147,094 for 31 retirees and 7 surviving spouses, respectively.

4.B. ESTIMATES

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

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4.C. RISK MANAGEMENT

The Atchafalaya 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; employee health and life; and natural disasters. The Atchafalaya Basin Levee District manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk Retained</u>
Torts, errors and omissions	Purchased insurance with St. Paul Fire and Marine Insurance through Huval Insurance Agencies, Inc.	None
Injuries to employees (Workers' compensation)	Participates in Louisiana Workers Compensation Corporation	None
Physical property loss and natural disasters	Purchased insurance with St. Paul Fire and Marine Insurance through Huval Insurance Agencies, Inc	None
Health and life	Participates in Louisiana Office of Group Benefits Plan	None

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Atchafalaya Basin Levee District. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

4.D. COMMITMENTS AND CONTINGENCIES

Contingencies

Litigation

The Atchafalaya Basin Levee District is a defendant in one lawsuit that does not involve any right of taxation or evidences of indebtedness. The legal counsel is of the opinion that there is no liability to the District.

4.E. COMPENSATION PAID TO BOARD MEMBERS

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

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

	<u>Board Member</u>	<u>2004</u>	<u>2003</u>
Salary:	Wayne Oillion (July 2002 to May 2004)	\$ 11,077	\$ 12,000
	Mike Maranto (June 2004)	923	
		<u>\$ 12,000</u>	<u>\$ 12,000</u>
Per Diem:	Gerald Alexander	\$ 2,700	\$ 2,550
	Ebert Benoit	1,800	2,550
	Ray Brignac	2,700	2,700
	Merlin Dupre	1,050	1,575
	Mark Engemann	1,200	1,350
	Bill Flynn	450	
	John Grezaffi	300	
	Bradley Grimmett	675	
	Jackie Judice	2,550	1,200
	Daniel H. Hebert	300	
	Stephen Juge	450	
	Mike Maranto	2,625	1,950
	Earl Matherne	2,700	2,700
	Ralph R. Longman	150	
	Harry Marionneaux	375	
	Johnny Raymond	2,625	1,425
	Nickie Rockforte	225	
	Gene Seneca	2,625	2,550
	Johnny Setton, Jr.	750	1,575
	Chester L. Simon	0	450
	T. Murry Tillman	1,575	1,800
	Brian Willis	1,500	1,575
	Total	<u><u>\$ 29,325</u></u>	<u><u>\$ 25,950</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

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**

**ATCHAFALAYA BASIN LEVEE DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual Amounts (Budgetary) Basis	Variance with Final Budget Positive (Negative)
	Original *	Final *		
Revenues:				
Taxes -				
Ad valorem	\$ 2,727,905.89	\$ 2,727,905.89	\$ 3,046,687.08	\$ 318,781.19
Intergovernmental -				
Reimbursement from Louisiana DNR	56,056.00	56,056.00	0.00	(56,056.00)
State revenue sharing	211,551.39	211,551.39	224,563.55	13,012.16
Terrebonne Levee and Conservation District	194,791.08	194,791.08	208,532.50	13,741.42
Interest earnings	83,717.98	83,717.98	61,341.62	(22,376.36)
Royalties, leases, and permits	188,049.49	188,049.49	458,165.14	270,115.65
Belle river boat landing	0.00	0.00	83,150.35	83,150.35
Other	5,575.18	5,575.18	166,133.65	160,558.47
Total Revenues	3,467,647.01	3,467,647.01	4,248,573.89	780,926.88
Expenditures:				
Current -				
Personal services	1,756,527.00	1,756,527.00	1,716,790.78	39,736.22
Employee benefits	1,067,063.16	1,067,063.16	897,610.74	169,452.42
Professional services	60,408.00	60,408.00	59,436.84	971.16
Travel	33,373.00	33,373.00	37,044.60	(3,671.60)
Materials and supplies	330,143.26	330,143.26	293,424.05	36,719.21
Insurance	123,331.00	123,331.00	119,658.00	3,673.00
Police Protection	15,329.00	15,329.00	16,513.20	(1,184.20)
Administration	57,606.00	57,606.00	48,579.09	9,026.91
Deductions from ad valorem taxes	111,390.00	111,390.00	114,608.34	(3,218.34)
Other	14,492.20	14,492.20	6,234.18	8,258.02
Belle river boat landing	12,000.00	12,000.00	26,301.42	(14,301.42)
Capital outlays			102,534.21	(102,534.21)
Total Expenditures	3,581,662.62	3,581,662.62	3,438,735.45	142,927.17
Excess of Revenues (Expenditures)	(114,015.61)	(114,015.61)	809,838.44	923,854.05
Fund Balance - June 30, 2003	7,063,809.61	7,063,809.61	7,063,809.61	0.00
FUND BALANCE - JUNE 30, 2004	\$ 6,949,794.00	\$ 6,949,794.00	\$ 7,873,648.05	\$ 923,854.05

* Budget was not amended during the fiscal year.

**ATCHAFALAYA BASIN LEVEE DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2003**

	Budgeted Amounts		Actual Amounts (Budgetary) Basis	Variance with Final Budget Positive (Negative)
	Original *	Final *		
Revenues:				
Taxes -				
Ad valorem	\$ 2,761,138	\$ 2,761,138	\$ 3,030,909	\$ 269,771
Contested taxes			206	206
Intergovernmental -				0
Reimbursement from Louisiana DNR			148,820	148,820
State revenue sharing	255,056	255,056	219,146	(35,910)
Terrebonne Levee and Conservation District	179,780	179,780	202,410	22,630
Interest earnings	131,369	131,369	98,654	(32,715)
Royalties, leases, and permits	193,000	193,000	208,683	15,683
Belle river boat landing			56,154	56,154
Other	24,000	24,000	88,579	64,579
Total Revenues	3,544,343.00	3,544,343.00	4,053,561	509,218
Expenditures:				
Current -				
Personal services	1,678,213	1,678,213	1,659,163	19,050
Employee benefits	889,168	889,168	1,010,091	(120,923)
Professional services	75,550	75,550	92,196	(16,646)
Travel	27,573	27,573	28,199	(626)
Materials and supplies	363,809	363,809	326,941	36,868
Insurance	92,298	92,298	132,867	(40,569)
Police Protection	13,710	13,710	13,637	73
Administration	59,981	59,981	49,264	10,717
Deductions from ad valorem taxes	111,390	111,390	110,684	706
Other	182,651	182,651	5,859	176,792
Belle river boat landing	0	0	350,758	(350,758)
Capital outlays	50,000	50,000	22,410	27,590
Total Expenditures	3,544,343	3,544,343	3,802,069	(257,726)
Excess of Revenues (Expenditures)	0	0	251,492	251,492
Fund Balance - June 30, 2002	6,812,363	6,812,363	6,812,318	(45)
FUND BALANCE - JUNE 30, 2003	\$ 6,812,363	\$ 6,812,363	\$ 7,063,810	\$ 251,447

* Budget was not amended during the fiscal year.

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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

Leroy J. Chustz
Certified Public Accountant, APAC
P. O. Box 158
Denham Springs, LA 70727-0158
225/667-2700
Fax: 225/667-3553

and

Beverly A. Ryall
Certified Public Accountant
7426 President Dr.
Baton Rouge, LA 70817
225/752-5147
Fax: 225/752-5147

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

**Board Members of
Atchafalaya Basin Levee District
State of Louisiana
Port Allen, Louisiana**

We have audited the basic financial statements of the **Atchafalaya Basin Levee District**, a component unit of the State of Louisiana, as of June 30, 2004, and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated August 11, 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 **Atchafalaya Basin Levee District's** basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is 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 **Atchafalaya Basin Levee District's** internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being

audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters relating to internal control over financial reporting which we have reported in the accompanying schedule of findings as item 2004-1.

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

Leroy J. Chustz

Certified Public Accountant, APAC

August 11, 2004

Beverly A. Ryall

Certified Public Accountant

**ATCHAFALAYA BASIN LEVEE DISTRICT
SCHEDULE OF FINDINGS
YEARS ENDED JUNE 30, 2004 and 2003**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Atchafalaya Basin Levee District.
2. No reportable conditions were disclosed during the audit of the basic financial statements.
3. No instances of noncompliance were disclosed during the audit of the basic financial statements.
4. There were no federal awards received by Atchafalaya Basin Levee District.

B. FINDINGS--FINANCIAL STATEMENTS AUDIT

2004-1 Inadequate Accounting Controls and Supervision

Criteria - The District is responsible for the accounting system, related controls and preparation of accurate financial information.

Condition - The system of controls is not adequate for the needs of the Board. Accounting personnel must consistently perform required tasks in a proficient and timely manner. Persons responsible for supervision should review the progress of the accounting department. The District failed to provide proper supervision for the accounting department. We noted numerous errors in the accounting records, mispostings, and corrections which were incorrect. Many of the errors which occurred in the two year period did not get corrected until after June 30, 2004.

Effect - The Board is exposed to losses and failures to comply with applicable requirements due to inadequate supervision of accounting personnel. Additionally, the financial information provided to management may be misstated.

Cause - The District was unsuccessful in obtaining an upgraded supervisory accounting position through State Civil Service.

Recommendation - The Executive Director of the Atchafalaya Levee Board should develop a strategy for addressing these deficiencies and assign the responsibilities to an individual and monitor the progress in addressing these issues.

Management's Corrective Action Plan was not available at the time of the release of this audit.

**ATCHAFALAYA BASIN LEVEE DISTRICT
RESOLUTION OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2004**

The finding from the audit of June 20, 2002 was partially resolved. See finding 2004-1

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 Atchafalaya Basin Levee District's Annual Financial Report prepared in accordance with the requirements of the Louisiana Division of Administration, Office of Statewide Reporting and Accounting Policy.

**STATE OF LOUISIANA
 ATCHAFALAYA BASIN LEVEE DISTRICT
 BALANCE SHEET
 AS OF JUNE 30, 2004**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents (Note C1)	\$ 6,034,859
Investments (Note C2)	1,886,494
Receivables (net of allowance for doubtful accounts)(Note U)	27,198
Due from other funds (Note Y)	
Due from federal government	
Inventories	
Prepayments	
Notes receivable	
Other current assets	
Total current assets	7,948,551

NONCURRENT ASSETS:

Restricted assets (Note F):	
Cash	
Investments	
Receivables	
Notes receivable	
Capital assets (net of depreciation)(Note D)	
Land	16,000
Buildings and improvements	1,294,008
Machinery and equipment	1,007,896
Infrastructure	
Construction in progress	
Other noncurrent assets	
Total noncurrent assets	2,317,904
Total assets	\$ 10,266,455

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$ 4,938
Due to other funds (Note Y)	
Due to federal government	
Deferred revenues	66,365
Amounts held in custody for others	
Other current liabilities	3,600
Current portion of long-term liabilities:	
Contracts payable	
Reimbursement contracts payable	
Compensated absences payable (Note K)	
Capital lease obligations - (Note J)	
Notes payable	
Liabilities payable from restricted assets (Note Z)	
Bonds payable	
Other long-term liabilities	
Total current liabilities	74,903

NON-CURRENT LIABILITIES:

Contracts payable	
Reimbursement contracts payable	
Compensated absences payable (Note K)	197,987
Capital lease obligations (Note J)	
Notes payable	
Liabilities payable from restricted assets (Note Z)	
Bonds payable	
Other long-term liabilities	
Total long-term liabilities	197,987
Total liabilities	272,890

NET ASSETS

Invested in capital assets, net of related debt	2,317,904
Restricted for:	
Capital projects	
Debt service	
Unemployment compensation	
Other specific purposes	
Unrestricted	7,675,661
Total net assets	9,993,565
Total liabilities and net assets	\$ 10,266,455

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

Statement A

**STATE OF LOUISIANA
 ATCHAFALAYA BASIN LEVEE DISTRICT
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2004**

OPERATING REVENUES	
Sales of commodities and services	\$ _____
Assessments	_____
Use of money and property	_____
Licenses, permits, and fees	_____
Other	_____
Total operating revenues	_____ -
OPERATING EXPENSES	
Cost of sales and services	_____ 3,340,186
Administrative	_____
Depreciation	_____ 354,018
Amortization	_____
Total operating expenses	_____ 3,694,204
Operating income(loss)	_____ (3,694,204)
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	_____
Intergovernmental revenues (expenses)	_____ 516,246
Taxes	_____ 3,046,687
Use of money and property	_____ 519,507
Gain (loss) on disposal of fixed assets	_____
Federal grants	_____
Interest expense	_____
Other	_____ 166,134
Total non-operating revenues(expenses)	_____ 4,248,574
Income(loss) before contributions and transfers	_____ 554,370
Capital contributions	_____
Transfers in	_____
Transfers out	_____
Change in net assets	_____ 554,370
Total net assets – beginning as restated	_____ 9,439,195
Total net assets – ending	\$ _____ 9,993,565

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

Statement B

**STATE OF LOUISIANA
 ATCHAFALAYA BASIN LEVEE DISTRICT
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2004**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Flood protection Entity	\$ 3,694,204	\$	\$	\$ 83,150	\$ (3,611,054)
General revenues:					
Taxes					3,479,783
State appropriations					
Grants and contributions not restricted to specific programs					
Interest					61,342
Miscellaneous					624,299
Special items					
Transfers					
Total general revenues, special items, and transfers					4,165,424
Change in net assets					554,370
Net assets - beginning					9,439,195
Net assets - ending					\$ 9,993,565

**STATE OF LOUISIANA
 ATCHAFALAYA BASIN LEVEE DISTRICT
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2004**

Cash flows from operating activities		
Cash received from customers	\$	
Cash payments to suppliers for goods and services		<u>(1,598,293)</u>
Cash payments to employees for services		<u>(1,770,129)</u>
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		<u>(3,368,422)</u>
Cash flows from non-capital financing activities		
State appropriations		
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>4,070,972</u>
Transfers In		
Transfers Out		
Net cash provided(used) by non-capital financing activities		<u>4,070,972</u>
Cash flows from capital and related financing activities		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets		<u>(102,534)</u>
Proceeds from sale of capital assets		
Capital contributions		<u>83,150</u>
Other		
Net cash provided(used) by capital and related financing activities		<u>(19,384)</u>
Cash flows from investing activities		
Purchases of investment securities		<u>(1,887,421)</u>
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities		<u>59,017</u>
Net cash provided(used) by investing activities		<u>(1,828,404)</u>
Net increase(decrease) in cash and cash equivalents		<u>(1,145,238)</u>
Cash and cash equivalents at beginning of year		<u>7,179,169</u>
Cash and cash equivalents at end of year	\$	<u><u>6,033,931</u></u>

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA
 ATCHAFALAYA BASIN LEVEE DISTRICT
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2004**

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

Operating income(loss)		\$ <u>(3,694,204)</u>
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	354,018	
Provision for uncollectible accounts		
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	16,794	
(Increase)decrease in due from other funds		
(Increase)decrease in prepayments		
(Increase)decrease in inventories		
(Increase)decrease in other assets		
Increase(decrease) in accounts payable and accruals		
Increase(decrease) in accrued payroll and related benefits	(65,942)	
Increase(decrease) in compensated absences payable		
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues	21,212	
Increase(decrease) in other liabilities	(300)	
 Net cash provided(used) by operating activities		 \$ <u><u>(3,368,422)</u></u>

Schedule of noncash investing, capital, and financing activities:

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

(Concluded)

The accompanying notes are an integral part of this statement.

Statement D

**STATE OF LOUISIANA
ATCHAFALAYA BASIN LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2004**

INTRODUCTION

The Atchafalaya Basin Levee District was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38:291. Its Commissioners are appointed by the Governor of Louisiana. The District includes all or portions of the following parishes: Ascension, Assumption, Iberia, Iberville, Pointe Coupee, St. Landry, St. Martin, St. Mary, and West Baton Rouge. The District primarily provides flood protection for those areas in the District. The Board of Levee Commissioners of the Atchafalaya Basin Levee District administers the operations and responsibilities of the District in accordance with the provisions of Louisiana Revised Statute 38:304. The Atchafalaya Basin Levee District is a component unit of the State of Louisiana is an integral part of such reporting entity. The Atchafalaya Basin Levee District was created by Louisiana State Legislature, Act 716 of 1978 effective January 1, 1979, from the territory removed from the Pontchartrain Levee District.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Atchafalaya Basin Levee District present information only as to the transactions of the programs of the Atchafalaya Basin Levee District as authorized by Louisiana statutes and administrative regulations.

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

The accounts of the Atchafalaya Basin Levee District are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

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

Expense Recognition

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

B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the Atchafalaya Basin Levee District are annual lapsing appropriations.

**STATE OF LOUISIANA
 ATCHAFALAYA BASIN LEVEE DISTRICT
 Notes to the Financial Statement
 As of and for the year ended June 30, 2004**

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 includes the original appropriation as follows:

	<u>APPROPRIATIONS</u>
Original approved budget	\$ 3,544,343
Amendments:	
Final approved budget	\$ 3,544,343

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

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

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

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

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

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

**STATE OF LOUISIANA
 ATCHAFALAYA BASIN LEVEE DISTRICT
 Notes to the Financial Statement
 As of and for the year ended June 30, 2004**

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

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

GASB Statement 40 only requires any category 3 deposits to be disclosed in the custodial credit risk section of Note C. If an entity has deposits exposed to custodial credit risk category 3, it should disclose the amount of those balances, the fact that they are uninsured, and whether the balances are either uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2004, consisted of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Deposits in bank accounts per balance sheet	\$ 182,822	\$ _____	\$ _____	\$ 182,822
Bank balances (category 3 only, if any) Identify amounts reported as category 3 by the descriptions below:				
a. Uninsured and uncollateralized	\$ _____	\$ _____	\$ _____	\$ _____
b. Uninsured and collateralized with securities held by the pledging institution	_____	_____	_____	_____
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent <u>but not in the entity's name</u>	77,785	_____	_____	77,785
Total category 3 bank balances	\$ 77,785	\$ -	\$ -	\$ 77,785
Total bank balances (All categories including category 3 reported above)	\$ 281,610	\$ _____	\$ _____	\$ 281,610

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:

**STATE OF LOUISIANA
 ATCHAFALAYA BASIN LEVEE DISTRICT
 Notes to the Financial Statement
 As of and for the year ended June 30, 2004**

	<u>Banking institution</u>	<u>Program</u>	<u>Amount</u>
1.	Citizens Bank & Trust	General Fund	\$ 177,785
2.	Regions Morgan Keegan	General Fund	102,898
3.	Edward Jones	General Fund	927
4.			
	Total		\$ 281,610

Included in Cash and Cash Equivalents on the balance sheet are the following items:

LAMP	\$	<u>5,851,837</u>
Petty cash	\$	<u>200</u>

2. INVESTMENTS

The Atchafalaya Basin Levee District does maintain investment accounts as authorized by LRS 33:2955(A)(1).

Investments can be classified according to the level of risk to the entity. Using the following categories, list each type of investment disclosing the carrying amount, market value, and applicable category of risk. Beginning with fiscal year ending June 30, 2004, only risk category 3 has to be broken out separately. However, the total reported amount and fair value columns still must be reported for total investments (including category 3).

Category 1 - Insured or registered in the entity's name, or securities held by the entity or its agent in the entity's name. (separate disclosure no longer required)

Category 2 - Uninsured and unregistered with securities held by the counterparty's trust department or agent in the entity's name. (separate disclosure no longer required)

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. (separate disclosure still required)

NOTE: GASB Statement 40 requires investments to be listed by type, and whether any of those are category 3 investments. If so, those category 3 investments are reported in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name.

**STATE OF LOUISIANA
 ATCHAFALAYA BASIN LEVEE DISTRICT
 Notes to the Financial Statement
 As of and for the year ended June 30, 2004**

Type of Investment	Amount Reported In Risk		Total Reported Amount - All Categories (Including Category 3)	Total Fair Value - All Categories (Including Category 3)
	Category 3, if Any			
	Held by Counterparty	Held by Counterparty's Trust Dept. or Agent Not in Entity's Name		
Repurchase agreements	\$	\$	\$	\$
U.S. Government securities	1,893,881		1,893,881	1,886,494
Common & preferred stock				
Commercial paper				
Corporate bonds				
Other: (identify)				
Total investments	1,893,881	-	1,893,881	1,886,494

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

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

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2. Description of the terms of the agreement _____

e. Losses during the year due to default by counterparties to deposit or investment transactions _____

f. Amounts recovered from prior-period losses which are not shown separately on the balance sheet

Legal or Contractual Provisions for Reverse Repurchase Agreements

g. Source of legal or contractual authorization for use of reverse repurchase agreements _____

h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year _____

Reverse Repurchase Agreements as of Year-End

i. Credit risk related to the reverse repurchase agreements outstanding at year end, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest _____

j. Commitments on _____ (fiscal close), to repurchase securities under yield maintenance agreements _____

k. Market value on _____ (fiscal close), of the securities to be repurchased _____

l. Description of the terms of the agreements to repurchase _____

m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements _____

n. Amounts recovered from prior-period losses which are not separately shown on the operating statement _____

Fair Value Disclosures

o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices _____

p. Basis for determining which investments, if any, are reported at amortized cost _____

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- q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool _____

- r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares _____

- s. Any involuntary participation in an external investment pool _____

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

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

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

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

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

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

- y. Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. All debt investments regardless of type can be aggregated by credit quality rating (if any are unrated, disclose that amount).

- z. Disclose the interest rate risk of debt investments by listing the investment type and the method that is used to identify and manage the interest rate risk of those investments (by, using one of the following 5 methods that is used to identify and manage interest rate risk: a) segmented time distribution, b) specific identification, c) weighted average maturity, d) duration, or e) simulation model.)

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

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D. CAPITAL ASSETS – INCLUDING CAPITAL LEASES ASSETS

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

	Year ended June 30, 2004						
	Balance 6/30/2003	Prior Period Adjustment	Adjusted Balance 7/1/2003	Additions	Transfers*	Retire- ments	Balance 6/30/2004
Capital assets not being depreciated							
Land	16,000	--	16,000	--	--	--	16,000
Non-depreciable land improvements	--	--	--	--	--	--	--
Capitalized collections	--	--	--	--	--	--	--
Construction in progress	--	--	--	--	--	--	--
Total capital assets not being depreciated	16,000	--	16,000	--	--	--	16,000
Other capital assets							
Furniture, fixtures, and equipment	3,779,836	--	3,779,836	102,534	--	--	3,882,370
Less accumulated depreciation	(2,592,837)	--	(2,592,837)	(281,637)	--	--	(2,874,474)
Total furniture, fixtures, and equipment	1,186,999	--	1,186,999	(179,103)	--	--	1,007,896
Buildings and improvements	1,667,770	--	1,667,770	--	--	--	1,667,770
Less accumulated depreciation	(301,381)	--	(301,381)	(72,381)	--	--	(373,762)
Total buildings and improvements	1,366,389	--	1,366,389	(72,381)	--	--	1,294,008
Depreciable land improvements	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
Total depreciable land improvements	--	--	--	--	--	--	--
Infrastructure	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
Total infrastructure	--	--	--	--	--	--	--
Total other capital assets	2,553,388	--	2,553,388	(251,484)	--	--	2,301,904
Capital Asset Summary:							
Capital assets not being depreciated	16,000	--	16,000	--	--	--	16,000
Other capital assets, at cost	5,447,606	--	5,447,606	102,534	--	--	5,550,140
Total cost of capital assets	5,463,606	--	5,463,606	102,534	--	--	5,566,140
Less accumulated depreciation	(2,894,218)	--	(2,894,218)	(354,018)	--	--	(3,248,236)
Capital assets, net	2,569,388	--	2,569,388	(251,484)	--	--	2,317,904

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

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E. INVENTORIES

None

F. RESTRICTED ASSETS

None

G. LEAVE

1. COMPENSATED ABSENCES

The Atchafalaya 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. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

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

H. RETIREMENT SYSTEM

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

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

Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and the Atchafalaya Basin Levee District is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2004, increased to 15.8% of annual covered payroll from the 14.1% and 14.1% required in fiscal years ended June 30, 2003 and 2002, respectively. The Atchafalaya

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Basin Levee District contributions to the System for the years ending June 30, 2004, 2003, and 2002, were \$232,770, \$192,202, and \$179,407, respectively, equal to the required contributions for each year.

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

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

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

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

Substantially all Atchafalaya 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 Atchafalaya 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 Atchafalaya Basin Levee District. For 2004, the cost of providing those benefits for the 31 retirees and 7 surviving spouses totaled \$147,094.

J. LEASES

1. OPERATING LEASES

The total payments for operating leases during fiscal year amounted to \$00. A schedule of payments for operating leases follows:

<u>Nature of lease</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010-2014</u>	<u>FY2015-2019</u>
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
	_____	_____	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____	_____	_____
Total	\$ <u> - </u>	\$ <u> - </u>	\$ <u> - </u>	\$ <u> - </u>	\$ <u> - </u>	\$ <u> - </u>	\$ <u> - </u>

2. CAPITAL LEASES

Capital leases are not recognized in the accompanying financial statements. The amounts to be accrued for capital leases and the disclosures required for capital and operating leases by National Council on

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Governmental Accounting (NCGA) Statement No. 5, as adopted by the Governmental Accounting Standards Board, and FASB 13 should be reported on the following schedules:

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

SCHEDULE A – TOTAL AGENCY CAPITAL LEASES EXCEPT LEAF

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

<u>Year ending June 30 :</u>	<u>Total</u>
2005	\$ _____
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total minimum lease payments	_____ -
Less amounts representing executory costs	_____
Net minimum lease payments	_____ -
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____ -

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SCHEDULE B – NEW AGENCY CAPITAL LEASES EXCEPT LEAF

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

<u>Year ending June 30:</u>	<u>Total</u>
2005	\$ _____
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total minimum lease payments	_____ -
Less amounts representing executory costs	_____
Net minimum lease payments	_____ -
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____ -

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SCHEDULE C – LEAF CAPITAL LEASES

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

<u>Year ending June 30:</u>	<u>Total</u>
2005	\$ _____
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total minimum lease payments	_____ -
Less amounts representing executory costs	_____
Net minimum lease payments	_____ -
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____ -

3. LESSOR DIRECT FINANCING LEASES

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

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

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

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

Minimum lease payments do not include contingent rentals which may be received as stipulated in the lease contracts. Contingent rental payments occur if, for example, the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2004 were \$_____ for office space, \$_____ for equipment, and \$_____ for land.

The following is a schedule by year of minimum leases receivable for the remaining fiscal years of the lease as of June 30, 2004:

Year ending _____:	
2005	\$ _____
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total	\$ _____

4. LESSOR – OPERATING LEASE

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

Provide the cost and carrying amount, if different, of property on lease or held for lease organized by major class of property and the amount of accumulated depreciation as of June 30, 2004:

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Carrying amount</u>
a. Office space	\$ <u>60</u>	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____

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The following is a schedule by years of minimum future rentals on non-cancelable operating lease(s) as of June 30, 2004:

Year Ended June 30,	Office Space	Equipment	Land	Other	Total
2005	\$	\$	\$	\$	\$ -
2006					-
2007					-
2008					-
2009					-
2010-2014					-
2015-2019					-
Total	\$ -	\$ -	\$ -	\$ -	\$ -

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

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

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2004:

	Balance June 30, 2003	Year ended June 30, 2004		Balance June 30, 2004	Amounts due within one year
		Additions	Reductions		
Bonds and notes payable:					
Notes payable	\$	\$	\$	\$ -	\$
Reimbursement contracts payable				-	
Bonds payable				-	
Total notes and bonds	-	-	-	-	-
Other liabilities:					
Contracts payable				-	
Compensated absences payable	194,003	123,919	119,935	197,987	
Capital lease obligations				-	
Liabilities payable from restricted assets				-	
Claims and litigation				-	
Other long-term liabilities				-	
Total other liabilities	194,003	123,919	119,935	197,987	-
Total long-term liabilities	194,003	123,919	119,935	197,987	-

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A detailed summary, by issues, of all debt outstanding at June 30, 20__, including outstanding interest of \$_____ is shown on schedule 4. Schedule 5 is an amortization schedule of the outstanding debt. (Send OSRAP a copy of the amortization schedule for any new debt issued.)

L. LITIGATION

1. The Atchafalaya Basin Levee District is a defendant in litigation seeking damages as follows:

Date of Action	Description of Litigation and Probable outcome (Remote, reasonably possible, or probable)	Primary Attorney	Damages Claimed	Insurance Coverage
	Concursus proceeding Liability is remote	Dupont	\$ 0	\$ 0
	Cemetery damages Liability is remote	US Corp	0	0
Totals			\$ -	\$ -

The Atchafalaya Basin Levee District's legal advisor estimates that potential claims not covered by insurance would not materially affect the financial statements or is unable to estimate the effect on the financial statement.

2. Claims and litigation costs of \$ 00 were incurred in the current year and are reflected in the accompanying financial statement.

M. RELATED PARTY TRANSACTIONS

None

N. ACCOUNTING CHANGES

None

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O. IN-KIND CONTRIBUTIONS

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

<u>In-Kind Contributions</u>	<u>Cost/Estimated Cost/Fair Market Value/As Determined by the Grantor</u>
None	\$ 0
Total	\$ -

P. DEFEASED ISSUES

None

Q. COOPERATIVE ENDEAVORS

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

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

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The liability outstanding as of June 30, 2004, by funding source, is as follows:

<u>Funding Source</u>	<u>Balance June 30, 2004</u>
State General Fund	\$ _____
Self-generated revenue	_____
Statutorily dedicated revenue	_____
General obligation bonds	_____
Federal funds	_____
Interagency transfers	_____
Other funds/combination	_____

NOTE: Amounts in excess of contract limits **cannot** be used to reduce the outstanding contract balance at June 30, 2004. For example, if a contract specifies a percentage of usage for each month (25%) and usage exceeds that percentage (75%), you cannot claim actual usage that exceeds contract requirements (50%).

NOTE: In order to compute your ending balances by funding source, you should begin with your balances at June 30, 2003. These amounts will be increased by amounts for new contracts and amendments and decreased for payments as well as for liquidations.

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

The following government-mandated nonexchange transactions (grants) were received during fiscal year 2003-2004:

<u>CFDA Number</u>	<u>Program Name</u>	<u>State Match Percentage</u>	<u>Total Amount of Grant</u>
_____	_____	\$ _____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
Total government-mandated nonexchange transactions (grants)		\$ _____	-

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

None

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T. SHORT-TERM DEBT

The Atchafalaya Basin Levee District issues short-term notes for the following purpose(s) _____

Short-term debt activity for the year ended June 30, 2004, was as follows:

List the type of S-T debt (e.g., tax anticipation notes)	Beginning Balance	Issued	Redeemed	Ending Balance
_____	\$ _____	\$ _____	\$ _____	\$ _____ -

The Atchafalaya Basin Levee District uses a revolving line of credit for the following to finance _____ (list purpose for the S-T debt).
 Short-term debt activity for the year ended June 30, 2004, was as follows:

Line of credit	Beginning Balance	Draws	Redeemed	Ending Balance
_____	\$ _____	\$ _____	\$ _____	\$ _____ -

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2004, were as follows:

Activity	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
	\$ _____	\$ 2,487	\$ _____	\$ 24,711	\$ 27,198
					-
Gross receivables	\$ -	\$ 2,487	\$ -	\$ 24,711	\$ 27,198
Less allowance for uncollectible accounts	-	-	-	-	-
Receivables, net	\$ -	\$ 2,487	\$ -	\$ 24,711	\$ 27,198
Amounts not scheduled for collection during the subsequent year	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____ -

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V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2004, were as follows:

Activity	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
	\$ 4,938	\$ -	\$ -	\$ -	\$ 4,938
					-
Total payables	\$ 4,938	\$ -	\$ -	\$ -	\$ 4,938

W. SUBSEQUENT EVENTS

None

X. SEGMENT INFORMATION

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

Type of goods or services provided by the segment _____.

A. Condensed balance sheet:

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

Condensed Balance sheet:

**STATE OF LOUISIANA
 ATCHAFALAYA BASIN LEVEE DISTRICT
 Notes to the Financial Statement
 As of and for the year ended June 30, 2004**

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

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

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

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

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

C. Condensed statement of cash flows:

- (1) Net cash provided (used) by:

**STATE OF LOUISIANA
 ATCHAFALAYA BASIN LEVEE DISTRICT
 Notes to the Financial Statement
 As of and for the year ended June 30, 2004**

- (a) Operating activities
- (b) Noncapital financing activities
- (c) Capital and related financing activities
- (d) Investing activities
- (2) Beginning cash and cash equivalent balances
- (3) Ending cash and cash equivalent balances

Condensed Statement of Cash Flows:

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

Y. DUE TO/DUE FROM AND TRANSFERS

1. List by fund type the amounts due from other funds detailed by individual fund at your fiscal year end:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____		\$ _____

<u>Total due from other funds</u>		\$ _____

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

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____		\$ _____

<u>Total due to other funds</u>		\$ _____

3. List by fund type all transfers from other funds for the fiscal year:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____		\$ _____

<u>Total transfers from other funds</u>		\$ _____

4. List by fund type all transfers to other funds for the fiscal year:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____		\$ _____

<u>Total transfers to other funds</u>		\$ _____

**STATE OF LOUISIANA
 ATCHAFALAYA BASIN LEVEE DISTRICT
 Notes to the Financial Statement
 As of and for the year ended June 30, 2004**

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Liabilities payable from restricted assets in the Atchafalaya Basin Levee District at June 30, 2004, reflected at \$_____ in the current liabilities section on Statement A, consist of \$_____ in accounts payable, \$_____ in notes payable, and \$_____ in _____.

Liabilities payable from restricted assets in the Atchafalaya Basin Levee District at June 30, 2004, reflected at \$_____ in the non-current liabilities section on Statement A, consist of \$_____ in accounts payable, \$_____ in notes payable, and \$_____ in _____.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

The following adjustments were made to restate beginning net assets for June 30, 20__.

Ending net assets July 1, 2003, previously reported		Adjustments + or (-)		Beginning net assets, July 1, 2003, As restated
9,388,358	\$	50,838	\$	9,439,196
				--
				--
				--
				--
				--
				--

Recognition of revenue incorrectly deferred at June 30, 2002.

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

<u>Name</u>		<u>Amount</u>
Wayne Orillion (Salary)	\$	11,077
Mike Maranto (Salary)		923
Gerald Alexander		2,700
Ebert Benoit		1,800
Ray Brignac		2,700
Merlin Durpre		1,050
Mark Engemann		1,200
Bill Flynn		450
John Grezaffi		300
Bardley Grimmett		675
Jackie Judice		2,550
Daniel H. Hebert		300
Stephen Juge		450
Mike Maranto		2,625
Earl Matherne		2,700
Ralph R. Longman		150
Harry Marionneaux		375
Johnny Raymond		2,625
Nickie Rockforte		225
Gene Seneca		2,625
Johnny Setton, Jr.		750
T. Murry Tillman		1,575
Brian Willis		1,500
	\$	41,325

**STATE OF LOUISIANA
ATCHAFALAYA BASIN LEVEE DISTRICT
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended June 30, 2004**

**STATE OF LOUISIANA
 ATCHAFALAYA BASIN LEVEE DISTRICT
 SCHEDULE OF STATE FUNDING
 For the Year Ended June 30, 2004**

	<u>Description of Funding</u>	<u>Amount</u>
	Belle River Landing Construction	
1.	Department of Natural Resources	\$ 83,150
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
	Total	\$ 83,150

SCHEDULE 2

**STATE OF LOUISIANA
 ATCHAFALAYA BASIN LEVEE DISTRICT
 SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE
 June 30, 2004**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____

*Send copies of new amortization schedules

**STATE OF LOUISIANA
 ATCHAFALAYA BASIN LEVEE DISTRICT
 SCHEDULE OF NOTES PAYABLE
 June 30, 2004**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____

*Send copies of new amortization schedules

**STATE OF LOUISIANA
 ATCHAFALAYA BASIN LEVEE DISTRICT
 SCHEDULE OF BONDS PAYABLE
 June 30, 2004**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____

*Send copies of new amortization schedules

**STATE OF LOUISIANA
 ATCHAFALAYA BASIN LEVEE DISTRICT
 SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION
 For The Year Ended June 30, 2004**

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2005	\$	\$
2006		
2007		
2008		
2009		
2010		
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
Total	\$ --	\$ --

**STATE OF LOUISIANA
 ATCHAFALAYA BASIN LEVEE DISTRICT
 SCHEDULE OF CAPITAL LEASE AMORTIZATION
 For The Year Ended June 30, 2004**

Fiscal Year Ending:	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	Balance
2005	\$ _____	\$ _____	\$ _____	\$ _____
2006	_____	_____	_____	--
2007	_____	_____	_____	--
2008	_____	_____	_____	--
2009	_____	_____	_____	--
2010-2014	_____	_____	_____	--
2015-2019	_____	_____	_____	--
2020-2024	_____	_____	_____	--
2025-2029	_____	_____	_____	--
Total	\$ <u> -- </u>	\$ <u> -- </u>	<u> -- </u>	<u> -- </u>

**STATE OF LOUISIANA
 ATCHAFALAYA BASIN LEVEE DISTRICT
 SCHEDULE OF NOTES PAYABLE AMORTIZATION**

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2005	\$ _____	\$ _____
2006	_____	_____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010-2014	_____	_____
2015-2019	_____	_____
2020-2024	_____	_____
2025-2029	_____	_____
Total	\$ <u> --</u>	\$ <u> -</u>

**STATE OF LOUISIANA
 ATCHAFALAYA BASIN LEVEE DISTRICT
 SCHEDULE OF BONDS PAYABLE AMORTIZATION
 For The Year Ended June 30, 2004**

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2005	\$ _____	\$ _____
2006	_____	_____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
Total	\$ _____ --	\$ _____ --

SCHEDULE 4-D

STATE OF LOUISIANA
ATCHAFALAYA BASIN LEVEE DISTRICT

COMPARISON FIGURES

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

	<u>2004</u>	<u>2003</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 4,103,966	\$ 3,910,448	\$ 193,518	4.95%
Expenses	3,579,596	3,728,841	-149,245	-4.00%
2) Capital assets	2,317,904	2,569,388	-251,484	-9.79%
Long-term debt	-	-	-	-
Net Assets	9,993,565	9,439,196	554,369	5.87%

Explanation for change: _____

3)	<u>2004 Original Budget</u>	<u>2004 Final Budget</u>	<u>Difference</u>	<u>Percentage Change</u>
Revenues	\$ 3,467,647	\$ 3,467,647	-	-
Expenditures	3,581,663	3,581,663	-	-

Explanation of change: _____

	<u>2004 Final Budget</u>	<u>2004 Actual Budget</u>	<u>Difference</u>	<u>Percentage Change</u>
Revenues	3,467,647	4,248,574	780,927	22.52%
Expenditures	3,581,663	3,438,735	142,927	-3.99%

Explanation of change: _____
