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**LAKE BORGNE BASIN LEVEE DISTRICT
STATE OF LOUISIANA**

**General Purpose Financial Statements
and Independent Auditor's Reports**

For the Eighteen Months Ended June 30, 2000

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 09-13-00

Lake Borgne Basin Levee District
P. O. BOX 216
Violet, Louisiana 70092
(504) 682-5941

GOVERNING BOARD

George E. Lopez, President
Michael Fradella, Vice President
Lloyd J. Seube

Daniel S. Caluda, Sr., Manager-Director

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Leroy J. Chustz, CPA, APAC and

P. O. Box 158
Denham Springs, LA 70727-0158
225/665-3102
Fax: 225/667-3553

Beverly A. Ryall, CPA

7426 President Dr.
Baton Rouge, LA 70817
225/752-5157
Fax: 225/752-5147

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Board of Levee Commissioners of the
Lake Borgne Basin Levee District
State of Louisiana
Violet, Louisiana

We have audited the accompanying general purpose financial statements of Lake Borgne Basin Levee District, a component unit of the State of Louisiana, as of and for the eighteen months ended June 30, 2000, as listed in the Table of Contents. These financial statements are the responsibility of management of the Lake Borgne Basin Levee District. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Lake Borgne Basin Levee District as of June 30, 2000, and the results of its operations for the eighteen months then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 2, 2000, on our consideration of the Lake Borgne Basin Levee District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts.

We have also issued a report dated August 2, 2000, on our consideration of the Lake Borgne Basin Levee District's annual financial report to the Louisiana Division of Administration as of and for the eighteen months ended June 30, 2000.

Leroy J. Chustz
Certified Public Accountant, APAC

Beverly A. Ryall
Certified Public Accountant

August 2, 2000

**LAKE BORGNE BASIN LEVEE DISTRICT
GOVERNMENTAL FUND TYPE AND ACCOUNT GROUPS
COMBINED BALANCE SHEET
JUNE 30, 2000**

	Governmental Funds			Bond		Account Groups			Totals (Memorandum Only)
	General Fund	Debt Service Fund	Referendum Capital Projects Fund	General Fixed Assets	General Long-Term Obligations				
ASSETS AND OTHER DEBITS									
Assets:									
Cash and cash equivalents	\$ 1,527,811	\$ 783,942	\$ 417,214					\$ 2,728,967	
Investments	1,500,000							1,500,000	
Receivables	36,299		315,069					351,368	
Interfund receivables	75,589							75,589	
Inventory	40,063							40,063	
Fixed assets				\$ 27,894,358				27,894,358	
Other Debits:									
Amount available in debt service funds					716,901			716,901	
Amount to be provided for retirement of general long-term obligations					4,287,883			4,287,883	
TOTAL ASSETS	\$ 3,179,762	\$ 783,942	\$ 732,283	\$ 27,894,358	\$ 5,004,784			\$ 37,595,129	
LIABILITIES AND FUND EQUITY									
Liabilities:									
Accounts payable	\$ 67,973							\$ 307,683	
Accrued salaries payable	40,338		239,710					40,338	
Payroll deductions and accruals	8,094							8,094	
Due to St Bernard Parish Tax Collector	198,114	\$ 66,811						264,925	
Interfund payables		230	75,359					75,589	
Accrued for compensated absences						\$ 89,784		89,784	
Bonds payable					4,915,000			4,915,000	
Total Liabilities	314,519	67,041	315,069		5,004,784			5,701,413	
Fund Equity:									
Investment in general fixed assets				\$ 27,894,358				27,894,358	
Fund balances -									
Reserved	40,063	716,901	417,214					1,174,178	
Unreserved - undesignated	2,825,180							2,825,180	
Total Fund Equity	2,865,243	716,901	417,214	27,894,358				31,893,716	
TOTAL LIABILITIES AND FUND EQUITY	\$ 3,179,762	\$ 783,942	\$ 732,283	\$ 27,894,358	\$ 5,004,784			\$ 37,595,129	

The accompanying notes are an integral part of this statement.

LAKE BORGNE BASIN LEVEE DISTRICT
GOVERNMENTAL FUND TYPES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2000

	General Fund	Debt Service Fund	Bond Referendum Capital Projects Fund	Total (Memorandum Only)
<i>Revenues:</i>				
Ad valorem taxes and penalties	\$ 1,988,860	\$ 655,267		\$ 2,644,127
Intergovernmental revenue:				
Federal grants and reimbursements	88,239			88,239
State grants and reimbursements	271,667			271,667
State revenue sharing	36,224		758,802	795,026
Parish grants and reimbursements			1,401	1,401
Use of money and property - interest	246,363	45,259	29,657	321,279
Royalties	12,084			12,084
Sale of used equipment	23,740			23,740
Other revenues	1,938	150		2,088
Total Revenues	2,669,115	700,676	789,860	4,159,651
<i>Expenditures:</i>				
Current -				
Personal services	1,498,442			1,498,442
Employee benefits	434,964			434,964
Travel	4,436			4,436
Operating services	1,323,916	650		1,324,566
Supplies	12,114	2,821		14,935
Professional services	29,943			29,943
Deductions from ad valorem taxes	62,250	20,515		82,765
Capital outlays	325,900		777,886	1,103,786
Debt service		1,217,745		1,217,745
Total Expenditures	3,691,965	1,241,731	777,886	5,711,582
<i>Excess of Revenues (Expenditures)</i>	(1,022,850)	(541,055)	11,974	(1,551,931)
Fund Balance - July 1 (Adjusted)	3,888,093	1,257,956	405,239	5,551,288
FUND BALANCE - June 30	\$ 2,865,243	\$ 716,901	\$ 417,213	\$ 3,999,357

The accompanying notes are an integral part of this statement.

LAKE BORGNE BASIN LEVEE DISTRICT
GOVERNMENTAL FUND TYPES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2000

	General Fund			Debt Service Fund			Bond Refreendum Capital Projects Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Ad valorem taxes and penalties	\$ 2,785,000	\$ 1,988,860	\$ (796,140)	\$ 1,065,000	\$ 651,267	\$ (409,733)			
Intergovernmental revenue:									
Federal grants and reimbursements		88,239	88,239						
State revenue sharing	272,000	271,667	(333)				\$ 417,000	\$ 758,802	\$ 341,802
State grants and reimbursements		36,224	36,224					1,401	1,401
Parish grants and reimbursements				40,000	45,259	5,259		29,657	29,657
Interest on accounts and investments	250,000	246,363	(3,637)						
Royalties		12,084	12,084						
Sale of used equipment		23,740	23,740						
Other revenues	52,500	1,938	(50,562)		150	150			
Total Revenues	3,359,500	2,669,115	(690,385)	1,105,000	700,676	(404,324)	417,000	789,860	372,860
Expenditures:									
Current -									
Personal services	1,457,825	1,498,442	(40,617)						
Employee benefits	410,000	434,964	(24,964)						
Travel	3,450	4,436	(986)		650	(650)			
Operating services	1,356,825	1,323,916	32,909		2,821	(2,821)			
Supplies	775	12,114	(11,339)						
Professional services	33,125	29,943	3,182		20,515	(20,515)			
Deductions from ad valorem taxes	97,340	62,250	35,090				417,000	777,886	(360,886)
Capital outlays	397,500	325,900	71,600		1,217,745	396			
Debt service				1,218,141	1,217,745	396			
Total Expenditures	3,756,840	3,691,965	64,875	1,218,141	1,241,731	(23,590)	417,000	777,886	(360,886)
Excess of Revenues (Expenditures)	(397,340)	(1,022,850)	(625,510)	(113,141)	(541,055)	(427,914)		11,974	11,974
Fund Balance - July 1 (Adjusted)	3,996,764	3,888,093	(108,671)	1,257,956	1,257,956		405,239	405,239	
FUND BALANCE - June 30	\$ 3,599,424	\$ 2,865,243	\$ (734,181)	\$ 1,144,815	\$ 716,901	\$ (427,914)	\$ 405,239	\$ 417,213	\$ 11,974

The accompanying notes are an integral part of this statement.

**LAKE BORGNE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000**

NOTE 1 - INTRODUCTION

The Lake Borgne Basin Levee District was created by Louisiana Revised Statute (R.S.) 38:291(G). The Lake Borgne Basin Levee District is comprised of all the territory contained within the parish of St. Bernard. The levee district primarily provides flood protection for those areas contained in the district. The levee district is responsible for 60 miles of levees, 8 pumping stations, and 53 miles of drainage canals. The governing board administers the operations and responsibilities of the levee district in accordance with the provisions of Louisiana statutes. The Board of Commissioners of the Lake Borgne Basin Levee District consists of three members appointed by the governor.

The Commission's office is located in Violet, Louisiana, and employs 34 full-time and 7 part-time employees. The Commission's operations are funded entirely through annual self-generated revenues.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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 Codification of Governmental Accounting and Financial Reporting Standards and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The Lake Borgne Basin Levee District prepares its financial statements in accordance with the standards established by the GASB.

Reporting Entity

GASB Codification Section 2100 and GASB Statement 14, "The Financial Reporting Entity," have defined the governmental reporting entity to be the State of Louisiana. The Lake Borgne 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 commissioners and public service is rendered within the state's boundaries. The accompanying general purpose financial statements present information only as to the transactions of Lake Borgne Basin Levee District, a component unit of the State of Louisiana.

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

**LAKE BORGNE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000**

Fund Accounting

The Lake Borgne Basin Levee District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the levee district are classified as governmental funds. Governmental funds account for the levee district's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds of the levee district include:

The **General Fund** is the general operating fund of the levee district and accounts for all financial resources, except those required to be accounted for in other funds.

The **Series 1989 Debt Service Fund** accumulates ad valorem tax revenues for finance debt service payments of the February 1, 1989, General Obligation Bond issue and the subsequent August 1, 1993, General Obligation Refunding Bond Issue.

The **Bond Referendum Capital Projects Fund** accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet.

Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

**LAKE BORGNE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000**

Revenues

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are assessed. As provided by R.S. 47:1997(b), ad valorem taxes are assessed for the calendar year, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Interest income on demand deposits is recorded when earned and the income is available.

All other revenues are recorded when the levee district is entitled to the funds.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for accumulated annual and sick leave, which are recognized when paid, and principal and interest on general long-term debt, which are not recognized until due.

Budget Practices

In accordance with LSA-R.S. 39:1332-1342, the Lake Borgne Basin Levee District is required to submit a copy of its proposed budget for the upcoming fiscal year by the first day of the preceding January to the Joint Legislative Committee on the Budget, to each chairman of a standing committee of the Legislature having jurisdiction, to the Legislative Auditor, and the Legislative Fiscal Office.

The levee district prepares its budget in accordance with R.S. 38:318. The managing director of the levee district submits proposed operating budgets for the General Fund, Debt Service Fund, and the Bond Referendum Capital Projects Fund to the Board of Levee Commissioners of the Lake Borgne Basin Levee District and to the general public for inspection. The budgets are prepared on the modified accrual basis of accounting.

The levee district does not use encumbrance accounting, except in the Bond Referendum Capital Projects Fund. All appropriations lapse at year-end. The original budget was amended once during the year.

Cash and Investments

Cash includes petty cash and demand deposits.

**LAKE BORGNE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000**

Under state law, the Lake Borgne Basin Levee District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the levee district may invest in certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Cash and cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less.

Investments are limited by R.S. 33:2955 and the Board's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Inventory

Inventory is valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

Fixed Assets

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. Interest costs incurred during construction are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated historical cost if historical cost is not available. Approximately 16% of the fixed assets are valued at estimated cost. The valuation of land, buildings, and improvements other than buildings acquired after 1986 is based on historical cost where acquisition was by purchase or construction and fair market value where acquisition was by donation. Approximately 7% of the fixed assets are donated and are valued at their market value on the date of donation.

Compensated Absences

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 current hourly rate of pay. Upon retirement, unused annual leave in excess of 300 hours and unused sick leave are 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 when leave is actually taken. The cost of leave

**LAKE BORGNE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000**

privileges applicable to general government operations not requiring current resources is recorded in the general long-term obligation account group.

Long-Term Obligations

Long-term obligations expected to be financed from governmental funds, including long-term debt and compensated absences for accumulated unpaid annual leave benefits, are accounted for in the general long-term obligations account group, not in the governmental funds.

Fund Equity - Reserves

Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees; and natural disasters. The District purchases insurance coverage through the State Office of Risk Management, which is responsible for negotiating, compromising and settling all claims including all tort claims against the District.

Estimates

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

Total Columns on Combined Statements

The total columns on the statements are captioned Memorandum Only (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE 3 - CASH AND INVESTMENTS

At June 30, 2000, the levee district has cash (book balances) shown on the balance sheet of \$2,728,967.

**LAKE BORGNE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000**

Investments held at June 30, 2000, amount to \$1,500,000 in time certificates of deposit.

At June 30, 2000, cash and investments representing collected bank balances are secured from risk as follows:

Demand deposits	\$ 3,096,857
Certificates of deposits	<u>1,500,000</u>
Total Collected Bank Balances	4,596,857
Secured by federal deposit insurance	300,000
Secured by collateralized pledge of securities	<u>6,455,989</u>
Unsecured/uncollateralized	<u><u>\$ 0</u></u>

Cash and investments are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These 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.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 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 Board that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 4 - RECEIVABLES

The following is a summary of receivables at June 30, 2000:

	General Fund	Capital Projects	Total
Interest	\$ 34,352		\$ 34,352
Louisiana Department of - Transportation & Development		\$ 315,069	315,069
Natural Resources	1,947		1,947
Total	<u>\$ 36,299</u>	<u>\$ 315,069</u>	<u>\$ 351,368</u>

**LAKE BORGNE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000**

NOTE 5 - CHANGES IN GENERAL FIXED ASSETS

The following is a summary of fixed assets at June 30, 2000:

	Balance January 1, 1998	Additions	Deletions	Balance June 30, 2000
Land	\$ 462,688			\$ 462,688
Buildings	1,170,251			1,170,251
Improvements other than buildings	24,922,256			24,922,256
Equipment	1,150,218	\$ 325,900	\$ (136,955)	1,339,163
Total	<u>\$27,705,413</u>	<u>\$ 325,900</u>	<u>\$ (136,955)</u>	<u>\$27,894,358</u>

NOTE 6 - PENSION PLAN

Substantially all employees of the 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 employees are eligible to participate in the System. Benefits vest with ten years of service. Vested employees may retire at (a) any age with thirty years of service, (b) age 55 with twenty-five years of service. A participants basic annual retirement benefit is equal to \$300 plus 2.5% of their highest consecutive 36 month average salary multiplied by their years of credited service. Participants who became members of LASERS on or after July 1, 1986, are not eligible for the \$300 addition to the annual retirement benefit formula. The maximum annual retirement benefit may not exceed the lesser of 100% of a member's average compensation or certain specified dollar amounts of actuarially determined monetary limits depending upon the member's age at retirement. As an alternative to the basic retirement benefit, a member may elect to receive his retirement benefits under any one of four different options providing for a reduced retirement benefit payable throughout his life with certain benefits being paid to his designated beneficiary after his death. 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, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

**LAKE BORGNE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000**

Description of Funding Policy -

Covered employees are required by state statute to contribute 7.5% of their gross salary and the levee board is required to contribute an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2000 was 12.3%. The levee district contributions to the System for the eighteen months ended June 30, 2000 was \$142,318, equal to the required contribution.

NOTE 7 - POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The levee district provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the levee district's employees become eligible for these benefits if they reach normal retirement age while working for the 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 levee district. The levee district recognizes the cost of providing these benefits as an expenditure when paid during the year. For the eighteen month period ended June 30, 2000, the cost of retiree benefits for five retirees totaled \$12,390.

NOTE 8 - COMPENSATED ABSENCES

At June 30, 2000, employees of the levee district have accumulated and vested \$89,784 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. This amount is recorded in the general long-term obligations account group (note 10).

NOTE 9 - LEASE AND RENTAL COMMITMENTS

The levee district does not have any operating or capital leases.

**LAKE BORGNE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000**

NOTE 10 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the eighteen months ended June 30, 2000:

	Balance January 1, 1999	Additions	Deletions	Balance June 30, 2000
General obligation bonds -				
Series 1989	\$ 300,000		\$ 300,000	\$ 0
General obligation refunding bonds	5,410,000		495,000	4,915,000
Total general obligation bonds	5,710,000		795,000	4,915,000
Compensated absences	71,938	\$ 17,846	0	89,784
Total	<u>\$ 5,781,938</u>	<u>\$ 17,846</u>	<u>\$ 795,000</u>	<u>\$ 5,004,784</u>

The levee district has one outstanding general obligation refunding bond issue dated August 1, 1993, for \$5,820,000, was issued for the purpose of advance refunding \$4,930,000 of outstanding General Obligation Bonds, Series 1989. These refunding bonds bear interest rates of 4.05% to 5.55% and are due in annual installments of \$85,000 to \$680,000 through February 1, 2009. The bonds are secured by and payable from a 5.10 mill ad valorem tax levy.

The annual requirements to amortize the outstanding bond issues at June 30, 2000, including interest of \$1,423,532.50, are as follows:

Fiscal Year Ending June 30,	General Obligation Refunding Bonds
2001	\$ 685,857
2002	691,723
2003	695,565
2004	702,285
2005	706,530
2006	708,180
2007	712,115
2008	718,537
2009	717,740
	<u>\$ 6,338,532</u>

**LAKE BORGNE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000**

NOTE 11 - OUTSTANDING DEFEASED DEBT

On September 1, 1993, the levee district defeased \$4,930,000 of its General Obligation Bonds, Series 1989, by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust accounts and the liability for the defeased bonds are not included in the levee district's financial statements.

The defeased bonds mature February 1, 2000, to February 1, 2009, in varying amounts and will be called for redemption on February 1, 1999, at the principal amount thereof and accrued interest to the date fixed for redemption.

NOTE 12 - RESERVED FUND BALANCES

The reserved fund balances at June 30, 2000, are as follows:

	<u>General Fund</u>	<u>Debt Service Fun</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Reserved for:				
Inventory	\$ 40,063			\$ 40,063
Debt service		\$ 716,901		716,901
Construction			\$ 417,314	417,314
Total	<u>\$ 40,063</u>	<u>\$ 716,901</u>	<u>\$ 417,314</u>	<u>\$ 1,174,278</u>

NOTE 13 - INTERFUND RECEIVABLES/PAYABLES

The interfund receivables/payables at June 30, 2000, are as follows:

	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 75,589	
Debt Service Fund		\$ 230
Capital Projects Fund		75,359
Total	<u>\$ 75,589</u>	<u>\$ 75,589</u>

The interfund receivables and payables resulted from excessive ad valorem taxes being deposited to the Debt Service Fund of \$230. As at June 30, 2000, the General Fund advanced \$75,359 to the Capital Projects Fund until the amount is reimbursed by the State of Louisiana Department of Transportation and Development.

**LAKE BORGNE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000**

NOTE 14 - DUE TO ST. BERNARD PARISH TAX COLLECTOR

The General Fund and Debt Service Fund received \$198,114 and \$66,811, from the St. Bernard Parish Tax Collector in error for taxes collected on the 1998 and 1999 tax levies.

NOTE 15 - PRIOR PERIOD ADJUSTMENT

Contrary to generally accepted accounting principles, the District has recognized the total amount to be distributed by the St. Bernard Parish Tax Collector in reimbursement of state revenue sharing. In accordance with the modified accrual basis of accounting, revenue is only recognized when it is available for use. In applying this principle at year end, only revenue collected within 60 days subsequent to year end is recognized as a receivable and reported as income. The effect of this change was a reduction of beginning fund balance of \$108,671 for state revenue sharing distributions received in March 1999 and May 1999.

NOTE 16 - LITIGATION AND CLAIMS

The levee district was a defendant in a lawsuit in which the plaintiff allege personal injury. Trial was held April 12, 1999, and judgment was in favor of District. However, plaintiff appealed to 4th Circuit.

In another lawsuit, the levee district is a co-defendant in which the plaintiffs all personal injury. Legal counsel does not foresee any potential liability to the levee district.

NOTE 17 - LEVEE DISTRICT TAXES

Article 6, Section 39 of the Louisiana Constitution of 1974 provides that for the purpose of constructing and maintaining levees, levee drainage, flood protection, hurricane flood protection, and all other purposes incidental thereto, the levee district may levy annually a tax not to exceed five mills. If the levee district needs to raise additional funds in excess of the amount collected constitutionally, the taxes in excess of five mills must be approved by a majority vote of the electors. By the special election held in the parish of St. Bernard on October 6, 1990, voters renewed the special five-mill ad valorem tax on all property in the parish for a period of ten years, beginning with the year 1991 and ending with the year 2000, to construct and maintain necessary levees, levee drainage, flood protection, and hurricane flood protection, and all other purposes incidental thereto. By the special election held in the parish of St. Bernard on July 16, 1988, the voters elected to permit the Lake Borgne Basin Levee District to incur debt and issue general obligation bonds for \$6,900,000 solely for the purpose of constructing flood protection and drainage projects within the levee district. The general obliga-

**LAKE BORGNE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000**

tion bonds debt service are to be financed from ad valorem taxes. By the special election held in the parish of St. Bernard on October 14, 1994, the voters authorized the Lake Borgne Basis Levee District to levy a special ten year three-mill property tax. The purpose of this three-mill property tax is for construction and maintenance of necessary levees, levee drainage, flood protection, hurricane flood protection, and all other purposes incidental thereto. The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage
Parishwide taxes - constitutional	5.00	3.38
Special:		
October 6, 1990	5.00	4.27
July 16, 1988	6.50	3.50
October 1, 1994	3.00	2.97

NOTE 18 - FEDERAL FINANCIAL ASSISTANCE

The Board received no federal funds during the eighteen months ended June 30, 2000.

NOTE 19 - 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. Per diem payments are authorized by Louisiana Revised Statute (R.S.) 38:308 and are included in the general administrative expenditures of the General Fund. Board members are paid \$75 per meeting for up to 36 meetings each year. The Board President, Mr. George E. Lopez, is paid a bi-weekly salary of \$250 in lieu of per diem during his term in office, as authorized by R.S. 38:308.

The amounts paid to Board members during the eighteen months ended June 30, 2000, is as follows:

Member	Salary	Per Diem
George E. Lopez, President	\$ 9,750	
Michael Fradella, Vice President		\$ 1,275
Lloyd J. Seube		1,425
	\$ 9,750	\$ 2,700

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, CPA, APAC

and

Beverly A. Ryall, CPA

P. O. Box 158
Denham Springs, LA 70727-0158
225/665-3102
Fax: 225/667-3553

7426 President Dr.
Baton Rouge, LA 70817
225/752-5157
Fax: 225/752-5147

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

Board of Levee Commissioners of the
Lake Borgne Basin Levee District
State of Louisiana
Violet, Louisiana

We have audited the general purpose financial statements of the Lake Borgne Basin Levee District, a component unit of the State of Louisiana, as of and for the eighteen months ended June 30, 2000, and have issued our report thereon dated August 2, 2000. We conducted our audit in accordance with generally accepted auditing standards, 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 Lake Borgne Basin Levee District's 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 one instance of noncompliance that are required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Lake Borgne Basin Levee District's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control 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 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 a material weakness.

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

Leroy J. Chustz

Certified Public Accountant, APAC

Beverly A. Ryall

Certified Public Accountant

August 2, 2000

**LAKE BORGNE BASIN LEVEE DISTRICT
SCHEDULE OF FINDINGS
EIGHTEEN MONTH PERIOD ENDED JUNE 30, 2000**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Lake Borgne Basin Levee District.
2. One instance of non-compliance was disclosed during the audit of the general purpose financial statements of Lake Borgne Basin Levee District.
3. No reportable conditions or material weakness involving the internal control over financial reporting were disclosed during the audit of the general purpose financial statements of Lake Borgne Basin Levee District.
4. There were no federal awards received by Lake Borgne Basin Levee District.

B. FINDINGS--FINANCIAL STATEMENTS AUDIT

Noncompliance

2000-1 Actual Revenues Failed to Meet Budgeted Revenues by Less Than 5%

Condition: The District recognized ad valorem taxes on the full accrual basis by recognizing the estimated year 2000 tax levy as revenues for the first six months of the year 2000.

Criteria: The modified accrual basis is the generally accepted accounting principle to be followed in the recognition of revenues for governmental funds.

Effect: Violation of revised statute.

Cause: Management implemented GASB 34 in recognizing tax revenues.

Recommendation: Before adopting or changing an accounting principle, management should consult with either the Legislative Auditors Office or the Division of Administration for advice.

Response: Management concurred with the recommendation.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Board of Commissioners
Lake Borgne Basin Levee District

POST OFFICE BOX 216
VIOLET, LA 70092
Phone: (504) 682-5941
Fax: (504) 682-5942

OFFICERS:

GEORGE E. LOPEZ
PRESIDENT

MICHAEL FRADELLA
VICE PRESIDENT

LLOYD J. SEUBE
COMMISSIONER

DANIEL S. CALUDA, SR.
MANAGER-DIRECTOR

OMER L. HINGLE
SECRETARY

August 22, 2000

Leroy J. Chustz, CPA
Post Office Box 158
Denham Springs, La. 70727-0158

Auditor's Exception:

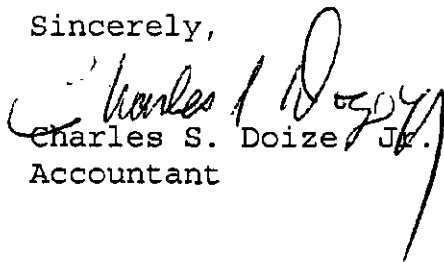
What will Lake Borgne Levee District do to prevent the budget exception from happening again? Actual ad valorem and state revenue sharing income earned for the eighteen months ending June 30, 2000 out of budget compliance because more than 5% variance.

Lake Borgne Levee District's reply:

When Lake Borgne Levee District adopted the **short** year budget, the accounting staff budgeted for the year 2000 ad valorem and state revenue sharing tax revenues to be pro-rated for each month of the year 2000. One twelfth of the total expected tax revenues were to be recognized as earned in each calendar month. The criteria used to recognize income for the **short** period ending June 30, 2000 was consistent with the new standards proclaimed in GASB Statement No.34. The accounting staff had incorrectly implemented the new standards for income recognition before 2001 fiscal year. The new accounting standard requires income to be recognized on a full accrual basis. The new accounting standards do not take effect until year 2001. Prior to GASB Statement No. 34, the governmental accounting standards dictate income from ad valorem and state revenue sharing are not considered earned unless collected no later than 60 days from the accounting period close. The majority of the District's 2000 tax revenues will be

collected seven months from the District's **short** period close. Being required to use the old accounting standards reduced all year 2000 tax revenues for the short period ended June 30, 2000. With the reduction of 50% of 2000 tax revenues, it was determined we were not in compliance with the State of Louisiana Budget Act. The accounting staff has been fully briefed on the proper accounting standards in effect for periods ending before 2001 fiscal year. The District's accountant takes full responsible for this budget exception, and pledges never to implement any new accounting standard before it's time.

Sincerely,



Charles S. Doize Jr.
Accountant

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 Board's Annual Financial Report prepared in accordance with the requirements of the Division of Administration, Office of Statewide Reporting and Accounting Policy.

Leroy J. Chustix, CPA,
CPA

and

Beverly A. Byall, CPA

P. O. Box 158
Denham Springs, LA 70727-0158
225/665-3102
Fax: 225/667-3553

7426 President Dr.
Baton Rouge, LA 70817
225/752-5157
Fax: 225/752-5147

**INDEPENDENT AUDITORS' REPORT ON ANNUAL FINANCIAL REPORT
TO THE DIVISION OF ADMINISTRATION
OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY**

**Board of Levee Commissioners of the
Lake Borgne Basin Levee District
State of Louisiana
Violet, Louisiana**

Our report on the audit of the general purpose financial statements of LAKE BORGNE BASIN LEVEE DISTRICT as of and for the eighteen months ended June 30, 2000, appears on Page 1. That audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The Annual Financial Report is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole

Leroy J. Chustix
Certified Public Accountant, APAC

Beverly A. Byall
Certified Public Accountant

August 2, 2000

STATE OF LOUISIANA
Lake Borgne Basin Levee District

Eighteen month Financial Statement
For the Eighteen months Ended June 30, 2000

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STATE OF LOUISIANA
Eighteen Month Financial Statement
Eighteen Months Year Ending
June 30, 2000
Lake Borgne Basin Levee District

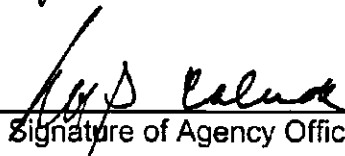
Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

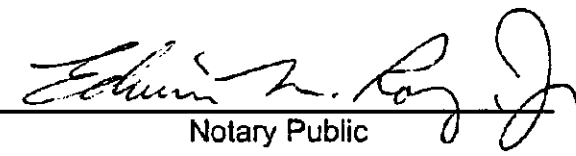
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

AFFIDAVIT

Personally came and appeared before the undersigned authority, Daniel S. Caluda, Sr., Manager-Director of Lake Borgne Basin Levee District who duly sworn, deposes and says, that the financial statement herewith given presents fairly the financial position of Lake Borgne Basin Levee District at June 30, 2000 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this _____ day of

Aug 22, 2000.


Signature of Agency Official


Notary Public

Prepared by: Charles S. Doize, Jr.

Title: Accountant

Telephone No.: 504-279-5989

Date: August 21, 2000

STATE OF LOUISIANA

LAKE BORGNE BASIN LEVEE DISTRICT
 COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2000

	GOVERNMENTAL FUND TYPE			
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE
ASSETS AND OTHER DEBITS				
Cash and cash equivalents	\$3,027,811	N/A	\$0	\$0
Investments	0	N/A	0	0
Receivables	34,352	N/A	0	0
Due from primary government	0	N/A	0	0
Due from component units	75,589	N/A	0	0
Due from other funds	0	N/A	0	0
Due from federal government	1,947	N/A	0	0
Notes receivable	0	N/A	0	0
Prepayments	0	N/A	0	0
Inventories	40,063	N/A	0	0
Other assets	0	N/A	0	0
Restricted assets:	0	N/A	0	0
Cash	0	N/A	417,214	783,942
Investments	0	N/A	0	0
Receivables (Grant from State of Louisiana)	0	N/A	315,069	0
Direct financing lease payments receivable	0	N/A	0	0
Property, plant, and equipment (net of accumulated depreciation)	0	N/A	0	0
Other debits:				
Amount available for debt service	0	N/A	0	0
Amount to be provided for retirement of general long term obligations				
TOTAL ASSETS AND OTHER DEBITS	<u>\$3,179,762</u>		<u>\$732,283</u>	<u>\$783,942</u>
LIABILITIES, EQUITY, AND OTHER CREDITS				
Liabilities:				
Accounts payable and accruals	116,406	N/A	0	0
Contracts and retainage payable	0	N/A	239,710	0
Compensated absences payable	0	N/A	0	0
Due to primary government	0	N/A	0	0
Due to other St. Bernard Parish Governments	198,118	N/A	0	66,806
Due to other funds	0	N/A	75,359	230
Due to federal government	0	N/A	0	0
Deferred revenues	0	N/A	0	0
Amounts held in custody for others	0	N/A	0	0
Liabilities payable from restricted assets	0	N/A	0	0
Obligations under capital lease	0	N/A	0	0
Notes payable	0	N/A	0	0
Bonds payable	0	N/A	0	0
Estimated liabilities for claims	0	N/A	0	0
Other liabilities	0	N/A	0	0
Total liabilities	<u>\$314,524</u>		<u>\$315,069</u>	<u>\$ 67,036</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement A

<u>PROPRIETARY FUND TYPE</u>		<u>FIDUCIARY FUND TYPE</u>		<u>ACCOUNT GROUPS</u>		<u>TOTAL (MEMORANDUM ONLY)</u>
<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>	<u>EXPENDABLE TRUST</u>	<u>NON- EXPENDABLE TRUST</u>	<u>GENERAL FIXED ASSETS</u>	<u>GENERAL LONG TERM DEBT</u>	
N/A	N/A	N/A	N/A	\$0	\$0	\$3,027,811
N/A	N/A	N/A	N/A	0	0	0
N/A	N/A	N/A	N/A	0	0	34,352
N/A	N/A	N/A	N/A	0	0	75,589
N/A	N/A	N/A	N/A	0	0	0
N/A	N/A	N/A	N/A	0	0	0
N/A	N/A	N/A	N/A	0	0	1,947
N/A	N/A	N/A	N/A	0	0	0
N/A	N/A	N/A	N/A	0	0	0
N/A	N/A	N/A	N/A	0	0	40,063
N/A	N/A	N/A	N/A	0	0	0
N/A	N/A	N/A	N/A	0	0	0
N/A	N/A	N/A	N/A	0	0	1,201,156
N/A	N/A	N/A	N/A	0	0	0
N/A	N/A	N/A	N/A	0	0	315,069
N/A	N/A	N/A	N/A	0	0	0
N/A	N/A	N/A	N/A	28,672,244	0	28,672,244
N/A	N/A	N/A	N/A	0	716,906	716,906
N/A	N/A	N/A	N/A	0	4,287,877	4,287,877
				<u>\$28,672,244</u>	<u>\$5,004,783</u>	<u>\$38,373,014</u>
N/A	N/A	N/A	N/A	0	0	116,406
N/A	N/A	N/A	N/A	0	0	239,710
N/A	N/A	N/A	N/A	0	89,783	89,783
N/A	N/A	N/A	N/A	0	0	0
N/A	N/A	N/A	N/A	0	0	264,924
N/A	N/A	N/A	N/A	0	0	75,589
N/A	N/A	N/A	N/A	0	0	0
N/A	N/A	N/A	N/A	0	0	0
N/A	N/A	N/A	N/A	0	0	0
N/A	N/A	N/A	N/A	0	0	0
N/A	N/A	N/A	N/A	0	0	0
N/A	N/A	N/A	N/A	0	0	0
N/A	N/A	N/A	N/A	0	4,915,000	4,915,000
N/A	N/A	N/A	N/A	0	0	0
N/A	N/A	N/A	N/A	0	0	0
					<u>\$5,004,783</u>	<u>\$5,701,417</u>

STATE OF LOUISIANA

LAKE BORGNE BASIN LEVEE DISTRICT
 COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2000

	GOVERNMENTAL FUND TYPE			
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>
Equity and other credits:				
Investment in fixed assets	\$0	\$N/A	\$0	\$0
Contributed capital	0	N/A	0	0
Retained earnings:		N/A		
Reserved	0		0	0
Unreserved	0	N/A	0	0
		N/A		
Fund balances:		N/A		
Reserved for debt service	0	N/A	0	716,906
Reserved for inventories	40,338	N/A	0	0
Reserved for pension benefits	0	N/A	0	0
Reserved for encumbrances	0	N/A	0	0
Reserved for construction	0	N/A	417,214	0
Other reserves	0	N/A	0	0
Unreserved:				
Designated	0		0	0
Undesignated(Deficit)	2,824,900		0	0
Total equity and other credits	2,865,238		417,214	716,906
TOTAL LIABILITIES, EQUITY, OTHER CREDITS	<u>\$3,179,762</u>		<u>\$732,283</u>	<u>\$783,942</u>

(Concluded)

The accompanying notes are an integral part of this statement.

Statement A

<u>PROPRIETARY FUND TYPE</u>		<u>FIDUCIARY FUND TYPE</u>		<u>ACCOUNT GROUPS</u>		<u>TOTAL (MEMORANDUM ONLY)</u>
<u>ENTERPRISE</u>	<u>INTERNAL SERIVCE</u>	<u>EXPENDABLE TRUST</u>	<u>NON- EXPENDABLE TRUST</u>	<u>GENERAL FIXED ASSETS</u>	<u>GENERAL LONG TERM DEBT</u>	
N/A	N/A	N/A	N/A	\$28,672,244	\$0	\$28,672,244
N/A	N/A	N/A	N/A	0	0	0
N/A	N/A	N/A	N/A	0	0	0
N/A	N/A	N/A	N/A	0	0	0
N/A	N/A	N/A	N/A	0	0	716,906
N/A	N/A	N/A	N/A	0	0	40,338
N/A	N/A	N/A	N/A	0	0	0
N/A	N/A	N/A	N/A	0	0	0
N/A	N/A	N/A	N/A	0	0	417,214
N/A	N/A	N/A	N/A	0	0	0
N/A	N/A	N/A	N/A	0	0	0
N/A	N/A	N/A	N/A	0	0	2,824,900
N/A	N/A	N/A	N/A	0	0	0
N/A	N/A	N/A	N/A	0	0	0
N/A	N/A	N/A	N/A	28,672,244	0	32,671,602
N/A	N/A	N/A	N/A	0	0	0
				<u>\$28,672,244</u>	<u>\$4,987,538</u>	<u>\$38,355,769</u>

STATE OF LOUISIANA

LAKE BORGNE BASIN LEVEE DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
 For the eighteen months ended June 30, 2000

	GOVERNMENTAL FUND TYPE				FIDUCIARY	TOTAL (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	EXPENDABLE TRUST	
REVENUES						
Intergovernmental revenues	\$ 271,664	N/A	\$760,204	\$0	N/A	\$1,031,868
Taxes	1,988,855	N/A	0	655,273	N/A	2,644,128
Use of money and property	0	N/A	0	0	N/A	0
Licenses, permits, and fees	0	N/A	0	0	N/A	0
Other	408,589	N/A	29,656	45,259	N/A	483,504
Total revenues	<u>2,669,108</u>		<u>789,860</u>	<u>700,532</u>		<u>4,159,500</u>
EXPENDITURES:						
Current:						
General government	3,385,316	N/A	0	20,516	N/A	3,405,832
Health and welfare	0	N/A	0	0	N/A	0
Other	0	N/A	0	0	N/A	0
Intergovernmental	0	N/A	0	0	N/A	0
Capital outlay	325,900	N/A	777,886	0	N/A	1,103,786
Retirement Benefits	0	N/A	0	0	N/A	0
Debt service:						
Principal retirement	0	N/A	0	795,000	N/A	795,000
Interest and fiscal charges	0	N/A	0	426,066	N/A	426,066
Total expenditures	<u>3,711,216</u>		<u>777,886</u>	<u>1,241,582</u>		<u>5,730,684</u>
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,042,108)		11,974	(541,050)		(1,571,184)
OTHER FINANCING SOURCES(USES):						
Payments to refunded bond escrow agent	0	N/A	0	0	N/A	0
Bond proceeds	0	N/A	0	0	N/A	0
Operating transfers in – primary government	0	N/A	0	0	N/A	0
Operating transfers out – primary government	0	N/A	0	0	N/A	0
Operating transfers in – component units	0	N/A	0	0	N/A	0
Operating transfers out – component units	0	N/A	0	0	N/A	0
Operating transfers in – other funds	0	N/A	0	0	N/A	0
Operating transfers out – other funds	0	N/A	0	0	N/A	0
Other	0	N/A	0	0	N/A	0
Total other financing sources(uses)	0	N/A	0	0	N/A	0
EXCESS(DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(1,042,108)	N/A	11,974	(541,050)	N/A	(1,571,184)
FUND BALANCES AT BEGINNING OF YEAR	3,888,095	N/A	405,240	1,257,956	N/A	5,551,291
Increase(decrease) in reserve for inventories	19,251	N/A	0	0	N/A	19,251
FUND BALANCES AT END OF YEAR	<u>2,865,238</u>		<u>417,214</u>	<u>716,906</u>		<u>3,999,358</u>

The accompanying notes are an integral part of this statement.

Statement B

STATE OF LOUISIANA

LAKE BORGNE BASIN LEVEE DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
 For the eighteen months ended June 30, 2000

	GENERAL FUND		
	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Intergovernmental revenues	\$272,000	\$ 271,864	(\$ 336)
Taxes	2,847,249	1,988,855	(858,394)
Use of money and property	0	0	0
Licenses, permits, and fees	0	0	0
Other	302,500	408,589	106,089
Total revenues	<u>3,421,749</u>	<u>2,669,108</u>	<u>(752,641)</u>
EXPENDITURES			
*GENERAL & ADMINISTRATIVE	330,125	334,040	(3,915)
*PROFESSIONAL SERVICES	24,000	36,199	(12,199)
*INSURANCE	186,000	179,975	6,025
*EQUIPMENT ACQUISITION	397,500	325,900	71,600
*LEVEE MAINTENANCE	575,225	598,772	(23,547)
*PUMPING STATION EXPENSE	1,729,850	1,725,832	3,818
*BAYOU DUPRE LOCK REPAIR	417,000	448,249	(31,249)
*AD VALOREM TAX DEDUCTION	62,249	62,249	0
Total expenditures	<u>3,721,749</u>	<u>3,711,216</u>	<u>10,533</u>
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENDITURES	(300,000)	(1,042,108)	(742,108)
OTHER FINANCING SOURCES(USES):			
_____	0	0	0
_____	0	0	0
_____	0	0	0
_____	0	0	0
_____	0	0	0
_____	0	0	0
Total other financing sources(uses)	0	0	0
EXCESS(DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(300,000)	(1,042,108)	(742,108)
Fund balance(deficit) at beginning of year	3,750,000	3,888,095	138,095
Adjustment INVENTORY	0	19,251	19,251
Fund balance(deficit) at end of year	<u>\$3,450,000</u>	<u>\$2,865,238</u>	<u>(\$584,762)</u>

The accompanying notes are an integral part of this statement.

Statement C

* Categorize expenditures according to District's chart of accounts.

STATE OF LOUISIANA

LAKE BORGNE BASIN LEVEE DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
 ALL PROPRIETARY AND NON-EXPENDABLE TRUST FUNDS
 For the eighteen months ended June 30, 2000

	<u>PROPRIETARY FUND TYPE</u>		<u>FIDUCIARY</u> <u>FUND TYPE</u>	<u>TOTAL</u> <u>(MEMORANDUM</u> <u>ONLY)</u>
	<u>ENTERPRISE</u>	<u>INTERNAL</u> <u>SERVICE</u>	<u>NON-</u> <u>EXPENDABLE</u> <u>TRUST</u>	
OPERATING REVENUES				
Intergovernmental revenues	\$N/A	\$N/A	\$N/A	\$N/A
Taxes	N/A	N/A	N/A	N/A
Use of money and property	N/A	N/A	N/A	N/A
Licenses, permits, and fees	N/A	N/A	N/A	N/A
Other	N/A	N/A	N/A	N/A
Total operating revenues	N/A	N/A	N/A	N/A
OPERATING EXPENSES				
Personal services	N/A	N/A	N/A	N/A
Contractual services	N/A	N/A	N/A	N/A
Travel	N/A	N/A	N/A	N/A
Operating services	N/A	N/A	N/A	N/A
Supplies	N/A	N/A	N/A	N/A
Professional services	N/A	N/A	N/A	N/A
Administrative	N/A	N/A	N/A	N/A
Depreciation	N/A	N/A	N/A	N/A
Bad debt expense	N/A	N/A	N/A	N/A
Retirement benefits	N/A	N/A	N/A	N/A
Refunds	N/A	N/A	N/A	N/A
Other	N/A	N/A	N/A	N/A
Total operating expenses	N/A	N/A	N/A	N/A
OPERATING INCOME(LOSS)	N/A	N/A	N/A	N/A
NON-OPERATING REVENUES(EXPENSES)				
Disposal of fixed assets	N/A	N/A	N/A	N/A
Federal grants	N/A	N/A	N/A	N/A
Interest revenue	N/A	N/A	N/A	N/A
Interest expense	N/A	N/A	N/A	N/A
Other(specify)	N/A	N/A	N/A	N/A
Total non-operating revenue(expenses)	N/A	N/A	N/A	N/A
Income(loss) before operating transfers	N/A	N/A	N/A	N/A
OPERATING TRANSFERS				
Operating transfers in	N/A	N/A	N/A	N/A
Operating transfers out	N/A	N/A	N/A	N/A
Total operating transfers	N/A	N/A	N/A	N/A
NET INCOME(LOSS)	N/A	N/A	N/A	N/A
Retained earnings(deficit) at beginning of year (as restated)	N/A	N/A	N/A	N/A
Retained earnings(deficit) at end of year	N/A	N/A	N/A	N/A

The accompanying notes are an integral part of this statement.

Statement D

STATE OF LOUISIANA

**LAKE BORGNE BASIN LEVEE DISTRICT
STATEMENT OF CASH FLOWS
For the eighteen months ended June 30, 2000**

Cash flows from operating activities:		
Cash received from customers	\$N/A	
Cash payments to suppliers for goods and services	N/A	
Cash payments to employees for services	N/A	
Payments in lieu of taxes	N/A	
Internal activity-payments to other funds	N/A	
Claims paid to outsiders	N/A	
Other operating revenues	N/A	
Net cash provided(used) for operating activities		N/A
Cash flows noncapital financing activities:		
Proceeds from sale of bonds	N/A	
Principal paid on bonds	N/A	
Interest paid on bond maturities	N/A	
Proceeds from issuance of notes payable	N/A	
Repayment of notes payable	N/A	
Interest paid on notes payable	N/A	
Operating grants received	N/A	
Donations received	N/A	
Operating transfers in – from other funds	N/A	
Operating transfers out – to other funds	N/A	
Net cash provided(used) for noncapital financing activities		N/A
Cash flows from capital and related financing activities:		
Proceeds from sale of bonds	N/A	
Principal paid on bonds	N/A	
Interest paid on bond maturities	N/A	
Proceeds from issuance of notes payable	N/A	
Repayment of notes payable	N/A	
Interest paid on notes payable	N/A	
Acquisition/construction of capital assets	N/A	
Proceeds from sale of capital assets	N/A	
Capital contributions	N/A	
Net cash provided(used) for capital and related financing activities		N/A
Cash flows from investing activities:		
Purchases of investment securities	N/A	N/A
Proceeds from sale of investment securities	N/A	N/A
Interest and dividends earned on investment securities	N/A	N/A
Net cash provided(used) for investing activities	N/A	N/A
Net increase(decrease) in cash and cash equivalents	N/A	N/A
Cash and cash equivalents at beginning of year	N/A	N/A
Cash and cash equivalents at end of year	N/A	N/A

The accompanying notes are an integral part of this statement.

(Continued)

Statement E

STATE OF LOUISIANA

LAKE BORGNE BASIN LEVEE DISTRICT
STATEMENT OF CASH FLOWS
For the eighteen months ended June 30, 2000

Reconciliation of Operating Income(Loss) to Net cash provided (used) by operating activities:

Operating income (loss)		\$N/A
Adjustments to reconcile operating income(loss) to net cash provided by		
Operating activities		
Depreciation	N/A	
Provision for uncollectible accounts	N/A	
Changes in assets and liabilities:	N/A	
(Increase)decrease in accounts receivable	N/A	
(Increase)decrease in due from other funds	N/A	
(Increase)decrease in prepayments	N/A	
(Increase)decrease in inventories	N/A	
(Increase)decrease in other assets	N/A	
Increase(decrease) in accounts payable	N/A	
Increase(decrease) in accrued payroll and related	N/A	
Increase(decrease) in annual leave payable	N/A	
Increase(decrease) in due to other funds	N/A	
Increase(decrease) in deferred revenues	N/A	
Increase(decrease) in other liabilities	N/A	
Net cash provided(used) by operating activities		<u>\$ N/A</u>

Schedule of Noncash Investing, Capital and Financing Activities:

Borrowing under capital lease	N/A
Contributions of fixed assets	N/A
Purchase of equipment on account	N/A
Asset trade-ins	N/A
Other (Specify)	N/A
_____	N/A
_____	N/A

(Concluded)

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

Statement E

**STATE OF LOUISIANA
LAKE BORNE BASIN LEVEE DISTRICT
Notes to the Financial Statements
For the Eighteen Months Ended June 30,2000**

INTRODUCTION

The Lake Borgne Basin Levee District was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38:291(G). The following is a brief description of the operations of Lake Borgne Basin Levee District. The Lake Borgne Basin Levee District is comprised of all territory contained within the parish of St. Bernard. The levee district primarily provides flood protection for those areas contained in the district. The levee district is responsible for 60 miles of levees, 8 pumping stations, and 53 miles of drainage canals. The governing board administers the operations and responsibilities of the levee district in accordance with the provisions of Louisiana statutes. The Board of Commissioners of the Lake Borgne Basin Levee District consist of three members appointed by the governor. The board has 39 full-time and 7 part time employees.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

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.

2. Reporting Entity

GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and has defined the governmental reporting entity of the District to be the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the commissioners, and public service is rendered within the state's boundaries. The accompanying statement presents only transactions of the Lake Borgne Basin Levee District, a component unit of the State of Louisiana. Annually the State of Louisiana issues a general purpose financial report which includes the activity contained in the accompanying financial statements. The general purpose financial report is issued by the Louisiana Division of Administration-Office of Statewide Reporting and Accounting Policy and audited by the Louisiana Legislative Auditor.

3. Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the accompanying financial statements are described as follows:

General Fund

The General Fund is the general operating fund of the Lake Borgne Basin Levee District. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds (None)

**STATE OF LOUISIANA
LAKE BORNE BASIN LEVEE DISTRICT
Notes to the Financial Statements
For the Eighteen Months Ended June 30,2000**

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition, construction, or improvements of major capital facilities other than those reported in other funds.

Enterprise Funds (None)

Internal Service Fund(None)

Trust and Agency Funds(None)

Account Groups

The two account groups are not "funds". They are concerned only with the measurement of financial position, not with measurement of results of operations. Account groups are used to establish accounting control and accountability for general fixed assets and general long-term debt.

a. General Fixed Asset Account Group - Fixed assets used in the governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in the governmental funds.

b. General Long-Term Debt Account Group - Obligations such as compensated absences payable expected to be financed from governmental funds are accounted for in the general long-term debt account group, not in the governmental funds.

4. Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses as appropriate, 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 records are maintained on the modified accrual basis of accounting utilizing the following practices in recording revenues and expenditures:

**STATE OF LOUISIANA
LAKE BORNE BASIN LEVEE DISTRICT
Notes to the Financial Statements
For the Eighteen Months Ended June 30,2000**

Revenues -

Ad valorem taxes and the related state revenue sharing are recorded as earned when they are determined to be available. Any ad valorem taxes or state revenue sharing received within 60 days of period end is considered earned in the current period.

Interest income is recorded on an accrual basis.

All other revenue are recorded when levee district is entitled to the funds.

Expenditures -

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for accumulated annual and sick leave, which are recognized when paid, and principal and interest on general long-term debt, which are not recognized until due.

5. Encumbrances (None)

6. Total Columns on Combined Statements

Total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

B. BUDGETARY PRACTICES

The Lake Borgne District utilizes the following budgetary practices:

The Lake Borgne Basin Levee District prepares its budget in accordance with Louisiana Revised Statute 38:318. The budget for all funds are prepared on a modified accrual basis. The budget for the eighteen months ended June 30, 2000 was adopted on October 19, 1999, and subsequent amendments were adopted on May 16, 2000. Formal budget integration is employed as a management control device during the eighteen month period for the General Fund and the Debt Service Fund. All appropriations lapse at year-end, and any encumbrances outstanding at year-end in the governmental funds are included in the next year's budget with funds appropriated in that year to finance them.

(This note applies only if agency has combining fund statements). (Does not apply to Lake Borgne Basin Levee District).

The following individual funds had actual expenditures over adopted budgeted expenditures for the year ended _____ (last day of your fiscal year):

<u>Fund</u>	<u>Fund Type</u>	<u>Ending Fund Balance (Deficit)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
Notes to the Financial Statements
For the Eighteen Months Ended June 30, 2000**

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

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

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

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. The deposits at Regions National Bank, Hibernia National Bank, and Bank One were secured as follows:

	Deposits in Bank Accounts			
	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Deposits in Bank Accounts per Balance Sheet	\$2,728,937	\$1,500,000	\$ 0	\$4,228,937
Bank Balances:				
a. Insured (FDIC) or collateralized with securities held by the entity or its agent <u>in the entity's name</u>	3,844,154	2,813,500	0	6,657,654
b. Collateralized with securities held by pledging financial institution's trust department or agent <u>in the entity's name</u>	0	0	0	0
c. Uncollateralized, including any securities held for the entity but <u>not in the entity's name</u>	0	0	0	0
Total Bank Balances	\$2,728,937	\$1,500,000	\$0	\$4,228,937

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
LAKE BORGNE BASIN LEVEE DISTRICT
Notes to the Financial Statements
For the Eighteen Months Ended June 30, 2000**

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. Bank One	N/A	\$ 417,214
2. Regions Bank(CD)	N/A	1,500,000
3. Hibernia Bank	N/A	2,311,723
4.		
Total		<u>\$4,228,937</u>

Were not uncollateralized securities fitting the description in (c) above during the year significantly greater than at _____ (last day of your fiscal year)? If yes, attach a statement listing the amount(s) and a reason for this occurrence. Not uncollateralized at any time.

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

Cash in State Treasury

Petty Cash

\$30

2. INVESTMENTS (District has no investments, only bank certificates of deposits.)

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

The _____ Commission/District does (does not) maintain investment accounts as authorized by _____ (Note legal provisions authorizing investments by Commission/District).

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.

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.

Certain types of investments cannot appropriately be categorized. These are to be listed separately at the end of the schedule in the space provided.

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
Notes to the Financial Statements
For the Eighteen Months Ended June 30, 2000**

<u>Type of Investment</u>	<u>Category of Risk</u>			<u>Reported Amount</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Repurchase Agreements	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
US Government Securities	_____	_____	_____	_____	_____
Common and Preferred Stock	_____	_____	_____	_____	_____
Commercial Paper	_____	_____	_____	_____	_____
Corporate Bonds	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____
Total Categorized Investments	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Investments not categorized (list separately):					
_____				_____	_____
_____				_____	_____
_____				_____	_____
_____				_____	_____
TOTAL INVESTMENTS				\$ _____	\$ _____

3. Other Disclosures Required for Investments

- a. Investments in pools managed by other governments or mutual _____
- b. Securities underlying reverse repurchase mutual _____
- 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 _____
 - 2. Description of the terms of the agreement _____
- e. Investment types owned during the year but not owned as of June 30 _____
- f. Losses during the year due to default by counterparties to deposit or investment transactions _____

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
Notes to the Financial Statements
For the Eighteen Months Ended June 30, 2000**

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

Legal or Contractual Provisions for Reverse Repurchase Agreements

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

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

Reverse Repurchase Agreements as of the Balance Sheet Date

- j. Credit risk related to the reverse repurchase agreements outstanding at balance sheet date, 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 _____

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

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

- m. Description of the terms of the agreements to repurchase _____

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

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

Fair Value Disclosures

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

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

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

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
Notes to the Financial Statements
For the Eighteen Months Ended June 30, 2000**

- s. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares _____
- t. Any involuntary participation in an external investment pool _____
- u. 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 _____
- v. Any income from investments associated with one fund that is assigned to another fund _____

D. RECEIVABLES

At June 30, 2000 the District had net receivable balances, totaling \$351,368, as follows:

<u>Class of Receivable</u>	<u>Governmental Funds</u>				<u>Proprietary</u>	<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	
Grants:						
State	\$0	\$N/A	\$0	\$315,069	\$N/A	\$315,069
Federal	0	N/A	0	0	N/A	0
Ad valorem taxes	0	N/A	0	0	N/A	0
Rents, leases, and other	1,947	N/A	0	0	N/A	1,947
Interest receivable	34,352	N/A	0	0	N/A	34,352
Total receivables, net	<u>\$36,299</u>	<u>\$N/A</u>	<u>\$0</u>	<u>\$315,069</u>	<u>\$N/A</u>	<u>\$351,368</u>

E. 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>
GENERAL FUND	GENERAL FUND	\$230
GENERAL FUND	GENERAL FUND	75,359
Total due from other funds		<u>\$75,589</u>

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
Notes to the Financial Statements
For the Eighteen Months Ended June 30, 2000**

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>
DEBT SERVICE FUND	DEBT SERVICE FUND	\$230
CAPITAL PROJECTS FUND	CAPITAL PROJECTS FUND	75,359
Total due to other funds		<u>\$75,589</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>
NONE		\$
Total transfers from other funds		<u>\$</u>

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

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
NONE		\$
Total transfers to other funds		<u>\$</u>

F. GENERAL FIXED ASSETS

Fixed assets used in the governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain or infrastructure are not (are) capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated historical cost. (If historical cost is not available, describe alternate method of valuation and disclose the extent which fixed assets have been estimated.)

A summary of changes in general fixed assets follows:

	<u>Beginning Balance at</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance at</u>
Land	\$462,688	\$0	\$0	\$462,688
Buildings	1,170,251	0	0	1,170,251
Equipment	1,150,218	325,900	136,955	1,339,163
Other Improvements	24,922,256	777,886	0	25,700,142
Total	<u>\$27,705,413</u>	<u>\$1,103,786</u>	<u>\$136,955</u>	<u>\$28,672,244</u>

(NOTE: Per Office of Statewide Reporting and Accounting Policy (OSRAP) policy, infrastructure should be disclosed in the notes but not reflected on the financial statement.)

G. INVENTORIES

Governmental fund inventories of the District are recorded at cost and recognized as an expenditure when purchased. Inventories at year end are equally offset by a reservation of fund balance.

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
Notes to the Financial Statements
For the Eighteen Months Ended June 30, 2000**

H. RESTRICTED ASSETS

Restricted assets in the District Capital Projects and Debt Service Funds at June 30, 2000, reflected at \$1,516,225 on Statement A, consist of \$1,201,156 in cash with fiscal agent ,and \$315,069 in receivables.

I. PAYABLES

At June 30, 2000, the District had payables totaling \$356,116 as follows:

Class of Payable	Governmental Funds			Proprietary		Total
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	
Accounts payable	\$67,974	\$N/A	\$0	\$0	\$N/A	\$67,974
Taxes payable	0	N/A	0	0	N/A	0
Salaries payable	40,338	N/A	0	0	N/A	40,338
Payroll deductions payable	8,094	N/A	0	0	N/A	8,094
Other payables		N/A			N/A	
Contracts & Retainage	0		0	239,710		239,710
	0	N/A	0	0	N/A	0
Total payables	<u>\$116,406</u>	<u>N/A</u>	<u>\$0</u>	<u>\$239,710</u>	<u>N/A</u>	<u>\$356,116</u>

J. LEAVE

1. COMPENSATED ABSENCES

The District has the following policy on annual and sick leave. At June 30, 2000, employees of the levee district have accumulated and vested \$89,783 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. This amount is recorded in the general long-term obligations accounts group.

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 General 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 the general long-term obligations account group.

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
Notes to the Financial Statements
For the Eighteen Months Ended June 30, 2000**

2. COMPENSATORY LEAVE(NONE)

K. RETIREMENT SYSTEM

Substantially all of the employees of the District are members of the La 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 Commission/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 Commission/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, 2000, decreased to 12.4% of annual covered payroll from the 13.0% and 12.4% required in fiscal years ended June 30, 1999 and 1998, respectively. The District contributions to the System for the eighteen months ended June 30, 2000 and year ending December 31, 1998, were \$52,512, and \$77,405, respectively, equal to the required contributions for each year.

L. 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:

Substantially all District employees become eligible for post employment health care, and life insurance benefits if they reach normal retirement age while working for the District. These benefits for retirees and similar benefits for active employees are provided through the State Employees Group Benefits Program whose premiums are paid jointly by the employee and the District. The levee district recognizes the cost of providing these benefits as an expenditure when paid during the year. For the eighteen months ending June 30, 2000, the cost of providing those benefits for the 5 retirees totaled \$11,879.

M. LEASES(NONE)

<u>Nature of Lease</u>	<u>Date of Lease</u>	<u>Last Payment Date</u>	<u>Remaining Interest to End of Lease</u>	<u>Remaining Principal to End of Lease</u>	<u>Fund That Pays the Lease</u>
a. Office space	\$N/A	\$N/A	\$N/A	\$N/A	\$N/A
b. Equipment	N/A	N/A	N/A	N/A	N/A
c. Land	N/A	N/A	N/A	N/A	N/A
Totals	N/A	N/A	N/A	N/A	N/A

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
Notes to the Financial Statements
For the Eighteen Months Ended June 30, 2000**

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):

Year ending _____:	\$N/A
2001	N/A
2002	N/A
2003	N/A
2004	N/A
2005	N/A
Thereafter	N/A
Total minimum lease payments	N/A
Less: amounts representing executory costs	N/A
Net minimum lease payments	N/A
Less: amounts representing interest	N/A
	N/A
Present value of net minimum lease payments	<u>\$N/A</u>

2. OPERATING LEASES(NONE)

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

Nature of Operating Lease	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	Thereafter
NONE	\$N/A	\$N/A	\$N/A	\$N/A	\$N/A	\$N/A
NONE	N/A	N/A	N/A	N/A	N/A	N/A
NONE	N/A	N/A	N/A	N/A	N/A	N/A
NONE	N/A	N/A	N/A	N/A	N/A	N/A
NONE	N/A	N/A	N/A	N/A	N/A	N/A
NONE	N/A	N/A	N/A	N/A	N/A	N/A

Total

3. LESSOR DIRECT FINANCING LEASES(NONE)

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.

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
Notes to the Financial Statements
For the Eighteen Months Ended June 30, 2000**

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 Payments Receivable</u>	<u>Remaining Interest to End of Lease</u>	<u>Remaining Principal to End of Lease</u>
a. Office space	NONE	\$N/A	\$N/A	\$N/A
b. Equipment	NONE	N/A	N/A	N/A
c. Land	NONE	N/A	N/A	N/A
LESS: amounts representing executory costs		(N/A)		
Minimum lease payments receivable		N/A		
LESS: allowance for uncollectibles		(N/A)		
Net Minimum lease payments receivable		N/A		
Estimated residual value of leased property		N/A		
Subtotal		N/A		
LESS: unearned income		(N/A)		
Net investment in direct financing leases		<u>\$N/A</u>		

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 2000 were \$NONE for office space, \$NONE for equipment, and \$NONE for land.

The following is a schedule by year of minimum lease receivable for the five succeeding fiscal years as of June 30, 2000:

<u>YEAR</u>	<u>MINIMUM LEASE RECEIVABLE</u>
2001	\$N/A
2002	N/A
2003	N/A
2004	N/A
2005	N/A
Thereafter	N/A
Total	<u>\$ N/A</u>

4. LESSOR – OPERATING LEASE(NONE)

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.

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
Notes to the Financial Statements
For the Eighteen Months Ended June 30, 2000**

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 (optional for Governmental Funds) as of JUNE 30, 2000:

a. Office space	\$N/A
b. Equipment	N/A
c. Land	N/A
Less: accumulated depreciation	(N/A)
Total carrying amount of property	<u>\$N/A</u>

The following is a schedule by years of minimum future rentals on noncancellable operating lease(s) as of June 30, 2000:

Composition of Lease	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	Thereafter
Office space	\$N/A	\$N/A	\$N/A	\$N/A	\$N/A	\$N/A
Equipment	N/A	N/A	N/A	N/A	N/A	N/A
Land	N/A	N/A	N/A	N/A	N/A	N/A
Total minimum future rentals	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Contingent rentals received from operating leases received for your fiscal year was \$ NONE for office space, \$ NONE for equipment, and \$ NONE for land.

N. GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for June 30, 2000:

Long term obligations payable at January 31, 1999	\$5,710,000
Additions	0
Retirements	795,000
Long term obligations payable at June 30, 2000	<u>\$4,915,000</u>

(Describe in detail the long-term obligations outstanding at fiscal year end).

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
Notes to the Financial Statements
For the Eighteen Months Ended June 30, 2000**

O. LITIGATION

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

<u>Date of Action</u>	<u>Description of Litigation</u>	<u>Primary Attorney</u>	<u>Damages Claimed</u>	<u>Insurance Coverage</u>
N/A	Ronald Adams Contractor, Inc	Parish D.A.	\$N/A	\$N/A
03/28/98	Fire-Gerald Cashman	Campbell	\$15,000	N/A
06/13/99	Truck Accident-Biddle	Campbell	N/A	N/A
			<u>\$15,000</u>	<u>\$ NA</u>

The Lake Borgne Basin Levee District 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 \$ 0 were incurred in the current year and are reflected in the accompanying financial statement.

P. RELATED PARTY TRANSACTIONS(None)

(FASB 57 requires disclosure of the description of the relationship, the transaction(s), the dollar amount of the transaction(s) and any amounts due to or from which result from related party transactions. List all related party transactions).

Q. ACCOUNTING CHANGES

Accounting changes made during the year involved a change in accounting reporting period. The District changed accounting close from a calendar to a fiscal year to end June 30.

R. FUND DEFICITS

The following individual funds had deficits in unreserved fund balance at June 30, 2000. (None)

<u>Fund</u>	<u>Deficit Amount</u>
None	\$0
None	0

(Give management's response for elimination of the deficits).

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
Notes to the Financial Statements
For the Eighteen Months Ended June 30, 2000**

S. FUND BALANCE/RETAINED EARNINGS DISCLOSURES

The following is a breakdown of reserves and designations. Reservations of fund balance/retained earnings represent amounts either legally restricted to a specific future use or not available for appropriation or expenditures. Designations represent tentative management plans.

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Fiduciary</u>
Reserve for:						
INVENTORY	\$40,338	\$N/A	\$0	\$0	\$N/A	\$N/A
DEBT SERVICE	0	N/A	716,906	0	N/A	N/A
CONSTRUCTION	0	N/A	0	417,214	N/A	N/A
	0	N/A	0		N/A	N/A
	0	N/A	0	0	N/A	N/A
Total Reservations	<u>\$40,338</u>	<u>\$N/A</u>	<u>\$716,906</u>	<u>\$417,214</u>	<u>\$N/A</u>	<u>\$N/A</u>
Designated for:						
	\$0	\$N/A	\$0	\$0	\$N/A	\$N/A
	0	N/A	0	0	N/A	N/A
	0	N/A	0	0	N/A	N/A
	0	N/A	0	0	N/A	N/A
	0	N/A	0	0	N/A	N/A
	0	N/A	0	0	N/A	N/A
	0	N/A	0	0	N/A	N/A
	0	N/A	0	0	N/A	N/A
	0	N/A	0	0	N/A	N/A
Total Designations	<u>\$0</u>	<u>\$N/A</u>	<u>\$0</u>	<u>\$0</u>	<u>\$N/A</u>	<u>\$N/A</u>

T. IN-KIND CONTRIBUTIONS(NONE)

(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	NONE
NONE	NONE
NONE	NONE
NONE	NONE
NONE	NONE
TOTAL	

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
Notes to the Financial Statements
For the Eighteen Months Ended June 30, 2000**

U. CONTRIBUTED CAPITAL(NONE)

The following presents all changes that affected contributed capital during the fiscal year.

Balance at January 1, 1999	\$0
Additions (itemize):	0
Deductions (itemize):	0

Balance at June 30, 2000 \$0

V. DEFEASED ISSUES

On September 1, 1993, the Lake Borgne Basin Levee District, Issued \$4,930,000 of General Obligation Bonds, Series 1989, by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt services payments on the defeased bonds. Accordingly, the trust accounts and the liability for the defeased bonds are not included in the levee district's financial statements.

The defeased bonds mature February 1, 2000 to February 1, 2009, in varying amounts and was called for redemption on February 1, 1999, at the principal amount thereof and accrued interest to the date fixed for redemption.

W. SUBSEQUENT EVENTS(None)

**STATE OF LOUISIANA
LAKE BORGNE BASIS LEVEE DISTRICT
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the eighteen months Ended June 30, 2000**

<u>Name</u>	<u>Amount</u>
Michael Fradella, Vice President	\$1,275 Per Diem
George E. Lopez, President	9,750 Salary
Lloyd J. Seube	1,425 Per Diem

Total

\$12,450

SCHEDULE 1

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE
SCHEDULE OF STATE FUNDING
For the Eighteen months ended June 30, 2000**

<u>Description of Funding</u>	<u>Amount</u>
1. State Revenue Sharing	\$271,664
2. State Construction Grants	758,802
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
Total	<u>\$1,030,466</u>

SCHEDULE 2

**STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEEDISTRICT
SCHEDULE OF EXPENDITURES BY OBJECT
For the Eighteen Months Ended June 30, 2000**

	<u>Amount</u>
Personal services	\$670,802
Travel	760
Operating services	2,650,705
Supplies	26,850
Professional services	36,199
Other charges	0
Capital outlay	1,103,786
Interagency transfer	0
Debt service	1,241,582
Total	<u>\$5,730,684</u>

SCHEDULE 3

STATE OF LOUISIANA
LAKE BORGNE BASIN LEVEE DISTRICT
SEGMENT INFORMATION
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2000

<u>Account</u>	<u>Amount</u>
Operating revenues	\$2,669,108
Depreciation, depletion, and amortization expense	0
Operating income (loss)	(1,042,108)
Operating grants, entitlements, and shared revenues	271,664
Operating transfers:	
In	0
Out	0
Tax revenues	2,644,128
Net Income (loss)	(1,571,184)
Current capital:	
Contributions	0
Transfers	0
Property, plant, and equipment:	
Additions	1,103,786
Deletions	136,955
Net working capital	3,999,358
Total Assets	38,373,014
Bonds and other long-term liabilities:	4,915,000
Payable from operating revenues	89,783
Payable from other sources	4,287,877
Total Equity	\$32,671,602