

**BAYOU D'ARBONNE LAKE
WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2011**



**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

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Independent Accountant's Compilation Report

To the Board of Commissioners
Bayou D'Arbonne Lake Watershed District

We have compiled the accompanying financial statements of the business-type activities of Bayou D'Arbonne Lake Watershed District, a component unit of the State of Louisiana, as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management of Bayou D'Arbonne Lake Watershed District is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The management's discussion and analysis on pages 12 through 14 is presented for additional analysis. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

BOSCH & STATHAM, LLC

Bosch & Statham

Jonesboro, Louisiana
July 3, 2012



Independent Accountant's Report
on Applying Agreed-Upon Procedures

To the Management of
Bayou D'Arbonne Lake Watershed District

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable."

Management of the District is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the District and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the District's compliance with certain laws and regulations during the year ended December 31, 2011.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

General

1. Determine if there are adequate written policies and procedures for the primary financial/business functions of the entity (budgeting, receipts, purchasing, disbursements, payroll/personnel, contracting, travel, related parties, ethics).

We requested a copy of all Board policies and procedures. No such policies and procedures were included in the documents received from the entity. The Board President stated that no such policies have been adopted due to the small size of the district and the lack of employees.

Conclusion: Appropriate policies have not been adopted.

- Using the financial statements or AFR, perform analytical procedures comparing current and prior year financial statements by line item. Identify and obtain explanations for variances of 10% or greater for line items that are 10% or more of the respective total assets, liabilities, equity, revenues, or expenses.

We performed the required analytical procedures. The following schedule presents variances of the items that were greater than 10% of totals.

	<u>2011</u>	<u>2010</u>	<u>Variance</u>	<u>Percent Variance</u>	<u>Percent of Total</u>
Cash and cash equivalents	\$ 632,600	\$ 183,259	\$ 449,341	245%	45%
Receivables, net of allowances	752,870	-	752,870	100%	54%
Contracts payable	1,150,498	-	1,150,498	100%	100%
Unrestricted	234,972	183,259	51,713	28%	94%

All of the increases are attributable to the DOTD project that was underway during 2011.

Conclusion: We noted no errors or conditions.

Cash

- Prepare a proof of cash for the period covered by the financial statements.

We prepared the proof of cash and noted no irregularities.

Conclusion: We noted no errors or conditions.

- Determine if cash collection responsibilities are adequately segregated to ensure that the person responsible for cash collections is not responsible for posting accounts receivable or making deposits.

There are no employees. The only receivables are for franchise taxes. The District earns and collects only franchise taxes, interest income, parish support payments, and grant revenues. The Board Vice President and the Board Treasurer retrieve the mail and open the bank statements. An outside accountant maintains the general ledger.

Conclusion: We noted no errors or conditions.

3. Determine if bank reconciliations have been prepared for all months in the period covered by the financial statements. Determine if there is evidence of management review of the bank reconciliations. Determine if the reconciled balance for the final month of the fiscal year agrees to the general ledger.

An outside bookkeeper posts transactions into QuickBooks. We did not receive any bank reconciliations from the District. However, from a review of the QuickBooks data file, we know that someone reconciled to the March 2012 bank statement on April 16, 2012. We were not able to retrieve earlier reconciliations.

Conclusion: The District did not retain copies of bank reconciliations.

Credit Cards

1. Obtain from management a listing of all credit cards (and bank debit cards if applicable) for the period under examination, including the card numbers and the names of the persons who maintained possession of the cards.

We requested a listing of credit and debit cards from the board. The Board President stated that there are no credit or debit cards in the District's name.

Conclusion: We noted no errors or conditions.

2. Obtain the monthly statements for all credit/debit cards used during the period under examination and select for detailed review the largest (dollar amount) statement for the two cards with the most (dollar amount) activity.

See item 1 above.

- a. Obtain the entity's supporting documentation for the largest purchase/charge shown on each selected monthly statement.

See above.

- i. Determine if each purchase is supported by:

1. An original itemized receipt (i.e., identifies precisely what was purchased)

See above.

2. Documentation of business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)

See above.

3. Other documentation as may be required by policy (e.g., purchase order, authorization, etc.)

See above.

- ii. Determine if selected purchases effectively circumvented the entity's normal procurement/purchasing process and/or the Louisiana Public Bid Law (i.e., large or recurring purchases requiring the solicitation of bids or quotes).

See above.

- b. Determine if there is evidence of management review of the two selected statements.

See above.

Travel and Expense Reimbursement

1. Obtain a listing of all travel and related expense reimbursements during the period under examination and trace to the general ledger for completeness. Select for review the three persons who were reimbursed the most money.

We requested a listing of travel and related expenses from the board. The Board President stated that there were no such expense reimbursements. We scanned the general ledger and noted no such payments.

Conclusion: We noted no errors or conditions.

- a. Obtain all of the expense reimbursement reports of each selected person, including the supporting documentation, and choose the largest expense report from each person to review in detail.

See above.

- i. Determine if each expenditure is:

1. Reimbursed in accordance with written policy (e.g., rates established for meals, mileage, lodging, etc.) and applicable laws.

See above.

2. For an appropriate and necessary business purpose relative to the travel.

See above.

- ii. Determine if each expenditure is supported by:

1. An original itemized receipt (i.e., identifies precisely what was purchased) [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) generally does not require a receipt.]

See above.

2. Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)

See above.

3. Other documentation as may be required by policy (e.g., authorization for travel, conference brochure, certificate of attendance, etc.)

See above.

- iii. Determine if each expense report (including documentation) was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

See above.

Contracts

1. Review accounting records (e.g. general ledgers, accounts payable reports, etc.) for the period under examination to identify individuals/businesses being paid for contracted services (e.g., professional, technical, etc.). Select the five "vendors" that were paid the most money during the period and determine if there is a formal/written contract that supports the services arrangement.

We reviewed the accounting records and noted the following individuals/businesses being paid the most for contracted services:

1. *Max Foote Construction Co. ~ \$1,770,181*
2. *Riley Company of LA, Inc. ~ \$168,192*
3. *McInnis Bros. ~ \$88,599*
4. *Todd Franklin ~ \$6,275*
5. *William S. Carter, Jr. ~ \$1,977*

Formal written contracts support the services from Riley Company, Max Foote Construction Co. and McInnis Bros.

Conclusion: We noted no errors or conditions. The other services would not necessarily require written contracts.

2. Obtain a listing of all active contracts and the expenditures made during the period under examination and trace to the general ledger for completeness. Select for detailed review the largest (dollar amount) contract in each of the following categories that was entered into during the period.

- (1) Services

- (2) Materials and supplies

- (3) Public works

We requested a listing of contracts. The Board Treasurer stated that the general ledger is the evidence for such contracts. However, the general ledger does not identify expenses by contract, but only by vendor or contractor. The vendor with the largest total expenditures for services was Riley Co. Expenses totaled \$168,192. The majority of invoices were for the DOTD Tainter Gate project. Other payments were for routine engineering services.

The vendor paid with the largest total expenditures for public works was Max Foote Construction. Expenses totaled \$ 1,770,181.

Conclusion: We noted no errors or conditions.

- a. Obtain the selected contracts and the related paid invoices and:

We obtained the contracts and invoices.

1. Determine if the contract is a related party transaction by obtaining management's representation.

Per the Board President, the contracts are not related party transactions.

2. Determine if the transaction is subject to the Louisiana Public Bid Law or Procurement Code.

The construction contract is subject to the Bid Law.

- If yes, determine if the entity complied with all requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder, etc.)

We examined the bid file and noted proper advertisements, actual bids from contractors, and the bid tabulation. The District awarded the contract to the lowest bidder.

- If no, determine if the entity provided an open and competitive atmosphere (a good business practice) for the transaction/work.

The District solicited proposals for the engineering services and evaluated the proposals using a point system.

Conclusion: We noted no errors or conditions.

3. Determine if the contract was amended. If so, determine whether the original contract contemplated or provided for such an amendment. Furthermore, determine if the amendment is outside the scope of the original contract, and if so, whether it should have been separately bid and contracted.

There are three change orders to the construction contract. We did not identify anything in the original contract that provided for such amendments. We were not able to examine the actual change orders.

The engineering contract does not appear to have been amended for this project. It should be noted that the contract is actually supplemental agreement number seven to an original contract executed in 2003. Each time the engineer's scope of work is changed, a supplemental agreement is approved.

Conclusion: We did not examine the change orders but noted no indication that the change orders were not appropriate.

4. Select the largest payment from each of the 3 largest contracts selected above and determine if the invoice(s) received and payment complied with the terms and conditions of the contract.

We examined a copy of the invoices for each contract. The invoices and payments appear to have complied with the terms and conditions of the contracts.

Conclusion: We noted no errors or conditions.

5. Determine if there is documentation of board approval, if required.

The Board approved the contracts as evidenced by the minutes. The invoices and payments were reviewed and approved by the engineer and the President of the Board.

Conclusion: We noted no errors or conditions.

Payroll and Personnel

1. Obtain a listing of employment contracts/salaries in force during the period under examination and trace to the general ledger for completeness. Select the five highest paid employees and:

We requested the listing from the board. The Board President stated that there were no employees during 2011. We noted no indications of payments to employees in the general ledger.

Conclusion: We noted no errors or conditions.

- a. Determine if payments issued during the period under examination were done in strict accordance with the terms and conditions of the contract or pay rate structure.

See above.

- b. Determine if changes made to hourly pay rates/salaries during the period under examination were approved in writing and in accordance with policy.

See above.

2. Select the attendance and leave records for one pay period in which leave has been taken by at least one employee and:

- a. Determine if all employees are documenting their daily attendance and leave (e.g., vacation, sick, etc.). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

See above.

- b. Determine if supervisors are approving, in writing, the attendance and leave of all employees.

See above.

- c. Determine if the entity is maintaining accurate written leave records (e.g., hours earned, hours used, and balance available) on all eligible employees.

See above.

3. Select the two largest termination payments (e.g., vacation, sick, compensatory time, etc.) made during the period under examination. Determine if the payments were supported by adequate documentation, made in strict accordance with policy and/or contract, and properly approved.

See above.

Budget

1. Obtain a copy of the legally adopted budget and all amendments.

We requested the original budget and all amendments from the board. We received the original budget. The Board President stated that the board amends the budget to match actual expenditures when the next year's budget is adopted. We did not examine minutes where this took place.

Conclusion: We recommended to the President that the amendment be adopted before year-end. The budget is not useful as a management tool if it is not considered at intervals throughout the year.

2. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of the meeting held on January 17, 2011.

Conclusion: We noted no errors or conditions.

3. Compare the total revenues and total expenditures of the final budget to actual total revenues and total expenditures on the final statements or AFR. Report variances of 10% or greater.

We performed the comparison. See above. We compared the original budget to the actual results. Actual revenues failed to meet budgeted revenues by \$1,763,984, or thirty-five percent. Actual expenditures were less than budgeted expenditures by \$1,805,897, or thirty-six percent.

Conclusion: The District is not required to comply with the Local Government Budget Act which would have required an amendment. However, the budget is not effective as a tool if it not amended.

Debt Service

1. If debt was issued during the financial statement period, verify that State Bond Commission approval was obtained, as applicable.

We requested all debt agreements from the board. The Board President stated that there was no debt outstanding during 2011.

Conclusion: We noted no errors or conditions.

2. Determine compliance with applicable debt covenants.

See above.

Corrective Action

1. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

Management's response: The 2012 budget for operations adopted by the Board is consistent with previous years' operating results. Both years have extraordinary revenues and expenses relating to ongoing construction projects at the spillway site. These projects are currently on schedule to be physically complete in the 1st quarter of 2013. The commission anticipates cash-flow paperwork on these projects to be completed in the 2nd quarter of 2013. No new large construction projects are planned by the commission at this time.

Bayou D'Arbonne Lake Watershed District
Agreed-Upon Procedures Report
December 31, 2011

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Bayou D'Arbonne Lake Watershed District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

BOSCH & STATHAM, LLC

Bosch & Statham

Jonesboro, Louisiana
July 3, 2012

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2011**

The Management's Discussion and Analysis of the Bayou D'Arbonne Lake Watershed District's (BTA) financial performance presents a narrative overview and analysis of Bayou D'Arbonne Lake Watershed District's (BTA) financial activities for the year ended December 31, 2011. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the financial statements, which begin on page 15.

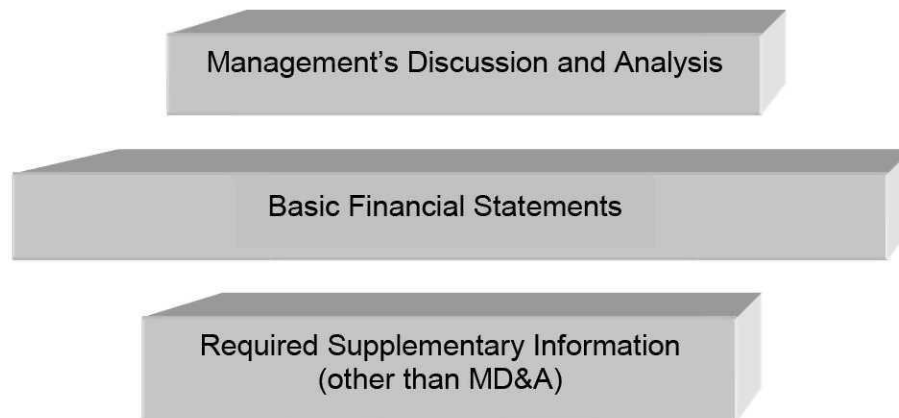
FINANCIAL HIGHLIGHTS

The Bayou D'Arbonne Lake Watershed District's (BTA) had net assets of \$249,942 and no liabilities. Due to the DOTD Spillway project causing an increase in cash and receivables, there was a \$1,202,211 increase in assets from last fiscal year.

The District is currently working on a project funded by a Louisiana Department of Transportation grant for repairs to the spillway. The project is identified as the Tainter Gate Project. The budget for the project as of January 9, 2012 was \$9,275,136. As of January 9, 2012, \$5,033,283 had been expended.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements), and Required Supplementary Information.

**BAYOU D'ARBONE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

**Management's Discussion and Analysis (Continued)
As of and for the Year Ended December 31, 2011**

Basic Financial Statements

The basic financial statements present information for the Bayou D'Arbonne Lake Watershed District (BTA) as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance Sheet; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; the Statement of Activities; and the Statement of Cash Flows.

The Balance Sheet presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Bayou D'Arbonne Lake Watershed District (BTA) is improving or deteriorating.

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

The Statement of Cash Flows presents information showing how Bayou D'Arbonne Lake Watershed District's (BTA) cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

Statements of Fund Net Assets

NET ASSETS

	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 1,385,470	\$ 183,259
Capital assets, net	<u>14,970</u>	14,970
Total assets	<u>1,400,440</u>	<u>198,229</u>
Liabilities:		
Current	<u>1,150,498</u>	<u>-</u>
Fund net assets:		
Invested in capital assets, net of debt	14,970	14,970
Unrestricted	<u>234,972</u>	183,259
Total fund net assets	<u>\$ 249,942</u>	<u>\$ 198,229</u>

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. The District has no such assets at December 31, 2011. Unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

**Management's Discussion and Analysis (Continued)
As of and for the Year Ended December 31, 2011**

Net assets of Bayou D'Arbonne Lake Watershed District's (BTA) increased by \$51,713, or 26%, from December 31, 2010, to December 31, 2011.

CHANGE IN NET ASSETS

	<u>2011</u>	<u>2010</u>
Program revenues:		
Operating grants and contributions	\$ 3,218,145	\$ 115,456
General revenues:		
Other taxes	61,702	53,335
Other	6,469	734
Total revenues	<u>3,286,316</u>	<u>169,525</u>
Expenses:		
Water conservation	<u>3,234,603</u>	<u>139,054</u>
Change in fund net assets	51,713	30,471
Fund net assets at beginning of year	<u>198,229</u>	<u>167,758</u>
Fund net assets at end of year	<u>\$ 249,942</u>	<u>\$ 198,229</u>

As mentioned above, due to a increase in the amounts received from the DOTD grant, Bayou D'Arbonne Lake Watershed District's (BTA) total revenues increased \$3,116,791 while the total cost of all programs and services increased by \$3,095,549.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2011, the Bayou D'Arbonne Lake Watershed District (BTA) had \$14,970 invested in land. The District does not consider infrastructure such as boat launches to be material and does not capitalize them.

The District has no debt at December 31, 2011.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

As a budgetary unit of the State of Louisiana, the District is exempt from the requirements of the Louisiana Local Government Budget Act. However, the Board of Commissioners does adopt a budget for funds expended from the District's operating account. This budget, along with the expenditures from the other accounts, is reviewed by the Board. There were no amendments to the budget during the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2012 budget for operations adopted by the Board is consistent with previous years' operating results. The budget also includes revenue and related expenses to be provided by a DOTD grant.

**BAYOU D'ARBONE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

**Management's Discussion and Analysis (Continued)
As of and for the Year Ended December 31, 2011**

CONTACTING THE DISTRICT'S (BTA) MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Bayou D'Arbonne Lake Watershed District's (BTA) finances and to show the District's (BTA) accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board at P. O. Box 696, Farmerville, Louisiana 71241.

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

Statement A

**BALANCE SHEET
AS OF DECEMBER 31, 2011**

ASSETS

Current assets:

Cash and cash equivalents	\$ 632,600
Receivables, net of allowances	752,870
Total current assets	<u>1,385,470</u>

Noncurrent assets:

Capital assets, net of accumulated depreciation	<u>14,970</u>
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TOTAL ASSETS **\$ 1,400,440**

LIABILITIES AND FUND NET ASSETS

Current liabilities:

Contracts payable	<u>\$ 1,150,498</u>
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Fund net assets:

Invested in capital assets, net of related debt	14,970
Unrestricted	234,972
Total fund net assets	<u>249,942</u>

TOTAL LIABILITIES AND FUND NET ASSETS **\$ 1,400,440**

See accompanying notes and accountant's compilation report.

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

Statement B

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Operating expenses:	
Cost of services	\$ 6,275
Administration	15,999
Special projects	3,212,329
Total operating expenses	<u>3,234,603</u>
Operating loss	<u>(3,234,603)</u>
Nonoperating revenues:	
Intergovernmental	3,218,145
Interest earnings	706
Franchise taxes	61,702
Other revenues	5,763
Total nonoperating revenues	<u>3,286,316</u>
Change in fund net assets	51,713
Fund net assets at beginning of year	<u>198,229</u>
Fund net assets at end of year	<u>\$ 249,942</u>

See accompanying notes and accountant's compilation report.

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

Statement C

**STATEMENT OF ACTIVITIES
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Water conservation	<u>\$3,234,603</u>	<u>\$ -</u>	<u>\$3,218,145</u>	<u>\$ -</u>	<u>\$ (16,458)</u>
General revenues:					
					706
					61,702
					5,763
					<u>68,171</u>
					<u>51,713</u>
					<u>198,229</u>
					<u>\$ 249,942</u>

See accompanying notes and accountant's compilation report.

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

Statement D

**STATEMENT OF CASH FLOWS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

<hr/>	
Cash flows from operating activities:	
Payments to suppliers and contractors	\$ (2,084,105)
Net cash provided (used) by operating activities	<u>(2,084,105)</u>
Cash flows from noncapital financing activities:	
Taxes	52,363
State grants	2,470,414
Other receipts	9,963
Net cash provided (used) by noncapital and related financing activities	<u>2,532,740</u>
Cash flows from investing activities:	
Interest received	706
Net cash provided (used) by investing activities	<u>706</u>
Net increase (decrease) in cash and cash equivalents	449,341
Cash and cash equivalents, beginning of year	<u>183,259</u>
Cash and cash equivalents, end of year	<u><u>\$ 632,600</u></u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating loss	\$ (3,234,603)
Adjustments to reconcile operating loss to cash provided (used) by operating activities:	
Increase (decrease) in contracts payable	<u>1,150,498</u>
Net cash provided (used) by operating activities	<u><u>\$ (2,084,105)</u></u>
Noncash investing, capital and financing activities:	
None	

See accompanying notes and accountant's compilation report.

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

Introduction

The Bayou D'Arbonne Lake Watershed District (BTA) (the District) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38:2551.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

The State of Louisiana (State) reporting entity consists of the various departments, agencies, activities, and organizational units that are within the control and authority of the Louisiana Legislature and/or constitutional officers of the State. The State, like the United States, has three branches of government – legislative (bicameral), executive, and judicial.

As required by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Determining Whether Certain Organizations are Component Units*, a legally separate entity is considered a component unit of the State if at least one of the following criteria is met:

1. The State appoints a voting majority of the organization's governing body and is either able to impose its will on that organization or there is a potential financial benefit/burden to the State.
2. The entity is fiscally dependent on the State.
3. The nature and significance of the relationship between the State and the entity is such that exclusion would cause the financial statements of the State to be misleading or incomplete.

Depending on the closeness of their relationship with the State, some component units are blended with the State reporting entity, while others are discretely reported. The District is a discretely reported component unit of the State because the board members are appointed by the State and the State is able to impose its will on the District through budgetary oversight. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the State, the general government services provided by the State, or the other governmental units that comprise the financial reporting entity.

See accountant's compilation report.

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of accounting

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

The accompanying financial statements of the Bayou D'Arbonne Lake Watershed District (BTA) present information only as to the transactions of the programs of the Bayou D'Arbonne Lake Watershed District (BTA) as authorized by Louisiana statutes and administrative regulations.

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

The accounts of the Bayou D'Arbonne Lake Watershed District (BTA) are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue recognition

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

Expense recognition

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

See accountant's compilation report.

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

B. BUDGETARY ACCOUNTING

As a budgetary unit of the State of Louisiana, the Bayou D'Arbonne Lake Watershed District is exempt from the requirements of the *Louisiana Local Government Budget Act*. However, the District does adopt a budget for the operating account.

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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 Bayou D'Arbonne Lake Watershed District (BTA) may deposit funds with a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the District may invest in time certificates of deposit in any bank domiciled or having a branch 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 presentation in the Statement of Cash Flows and Balance Sheet, all highly liquid investments (including negotiable certificates of deposit and restricted cash and cash equivalents) and deposits (including nonnegotiable certificates of deposit and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

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

GASB Statement No. 40, which amended GASB Statement No. 3, eliminated the requirement to disclose all deposits by the three categories of risk. GASB Statement No. 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

The deposits at December 31, 2011, consisted of the following:

	<u>Cash</u>	<u>Nonnegotiable Certificates of Deposit</u>	<u>Other</u>	<u>Total</u>
Balance per agency books	\$ 632,600	\$ -	\$ -	\$ 632,600
Deposits in bank accounts per bank	\$ 632,600	\$ -	\$ -	\$ 632,600
Bank balances of deposits exposed to custodial credit risk:				
Deposits not insured and uncollateralized	\$ 382,600	\$ -	\$ -	\$ -
Deposits not insured and collateralized with securities held by the pledging institution	\$ -	\$ -	\$ -	\$ -
Deposits not insured and collateralized with securities held by the pledging institution's trust department or agency but not in the entity's name	\$ -	\$ -	\$ -	\$ -

The following is a breakdown by banking institution, program, account number, and amount of the "Deposits in bank accounts per bank" balances shown above:

<u>Program</u>	<u>Amount</u>
Water Conservation	\$ 632,600

Investments

The Bayou D'Arbonne Lake Watershed District (BTA) does not maintain investment accounts.

D. CAPITAL ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. The District's capital assets at December 31, 2011, consist only of land; therefore, no depreciation expense is recognized in the accompanying financial statements. The District's infrastructure is considered to be immaterial and is not capitalized and depreciated. Infrastructure consists of flood-alert equipment, channel markings, boat launch ramps, and other improvements.

E. INVENTORIES

The District's inventories are considered immaterial and are expensed when purchased.

See accountant's compilation report.

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

F. COMMITMENT

On February 9, 2011, the District awarded a \$6,385,986 contract for repairs to the spillway to be funded by a Louisiana Department of Transportation and Development grant. During 2011, the District approved three change orders adjusting the contract to \$6,413,421. As of December 31, 2011, the District had incurred expenses of \$2,904,098 under the contract.

G. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 3, 2012, the date on which the financial statements were available to be issued.

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011**

We did not perform an audit or review of the financial statements as of and for the year ended December 31, 2011. However, while performing our compilation procedures and following up on prior year findings as required by the Louisiana Governmental Audit Guide, we noted the following matters that must be communicated to management of the District.

This communication is intended solely for the information and use of the Board, federal awarding agencies, pass-through entities, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Although the use of this report may be limited, under Louisiana Revised Statute 24:513, it is issued by the Louisiana Legislative Auditor as a public document.

2011-1 Failure to Ensure that Bank Deposits Exceeding FDIC Coverage are Covered by Pledged Securities

Condition

At December 31, 2011, \$382,600 of the District's \$632,600 bank balances were not secured by FDIC insurance or by pledged securities.

Criteria

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

Cause

The District typically has relatively small amounts of cash. The larger balance is due to an ongoing DOTD project.

Effect

The District is not in compliance with state law concerning cash management.

Recommendation

We recommend that the Board consult with appropriate state officials and the bank to determine what will be needed in the future.

Management's Response

The Board will implement the accountant's recommendation.

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

**SUMMARY SCHEDULE OF PRIOR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken Yes, No, Partially	Planned Corrective Action/Partial Corrective Action Taken
2010-1	2010	Noncompliance with State Audit Law	Yes	The 2011 audit will be issued before the due date.

See accountant's compilation report.

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

**SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

Noel James, President	\$ -
Steve Cagle, Vice President	-
Terri Towns, Secretary-Treasurer	-
Don Hogan	-
Joe Rainer	-
Total	<u>\$ -</u>

See accountant's compilation report.

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

**SCHEDULE OF PROFESSIONAL SERVICE PAYMENTS MADE TO CONTRACTORS
FOR SURVEYS, FEASIBILITY STUDIES, AND SPECIAL STUDIES
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

There were no such payments.

See accountant's compilation report.

DIVISION OF ADMINISTRATION
OFFICE OF STATEWIDE REPORTING
AND ACCOUNTING POLICY
ANNUAL FISCAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2011

See accountant's compilation report.

Bayou D'Arbonne Lake Watershed District
STATE OF LOUISIANA
Annual Financial Statements
December 31, 2011

C O N T E N T S

TRANSMITTAL LETTER
AFFIDAVIT

Statements

MD&A

Balance Sheet	A
Statement of Revenues, Expenses, and Changes in Fund Net Assets	B
Statement of Activities	C
Statement of Cash Flows	D

Notes to the Financial Statements

A.	Summary of Significant Accounting Policies
B.	Budgetary Accounting
C.	Deposits with Financial Institutions and Investments
D.	Capital Assets – Including Capital Lease Assets
E.	Inventories
F.	Restricted Assets
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H.	Retirement System
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S.	Violations of Finance-Related Legal or Contractual Provisions
T.	Short-Term Debt
U.	Disaggregation of Receivable Balances
V.	Disaggregation of Payable Balances
W.	Subsequent Events
X.	Segment Information
Y.	Due to/Due from and Transfers
Z.	Liabilities Payable from Restricted Assets
AA.	Prior-Year Restatement of Net Assets
BB.	Net Assets Restricted by Enabling Legislation
CC.	Impairment of Capital Assets
DD.	Employee Termination Benefits

Schedules

1	Schedule of Per Diem Paid to Board Members
2	Not Applicable
3	Schedules of Long-Term Debt (Not Applicable)
4	Schedules of Long-Term Debt Amortization (Not Applicable)
15	Schedule of Comparison Figures and Instructions
16	Schedule of Cooperative Endeavors (Not Applicable)

See accountant's compilation report.

BAYOU D'ARBONNE LAKE WATERSHED DISTRICT

P.O. Box 696
Farmerville, LA 71241

July 3, 2012

Division of Administration, OSRAP
Post Office Box 94095
Baton Rouge, Louisiana 70804-9095

Re: Bayou D'Arbonne Lake Watershed District
Annual Report for the Year Ended December 31, 2011

Please find enclosed the District's annual report as of and for the year ended December 31, 2011.
Please let us know if you have any questions.

Respectfully,



Noel James, President

Enclosure

Steve Cagle 9365 Hwy 2 Farmerville, LA Vice President	Don Hogan 406 Tremont Ruston, LA	Noel James 2601 Cypress Springs Ruston, LA President	Joe Rainer 179 Stowe Creek Ruston, LA	Terri Towns 446 Dogwood Lane Farmerville, LA Secretary-Treasurer
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STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending December 31, 2011

Bayou D'Arbonne Lake Watershed District
P.O. Box 696
Farmerville, Louisiana 71241-0696

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

Physical Address:
1201 N. Third Street
Claiborne Building, 6th Floor, Suite 6-130
Baton Rouge, Louisiana 70802

Physical Address:
1600 N. Third Street
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, Noel James, President (Name)
(Title) of Bayou D'Arbonne Lake Watershed District (Agency) who duly sworn, deposes and says, that the
financial statements herewith given present fairly the financial position of Bayou D'Arbonne Lake
Watershed District (agency) at December 31, 2011 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 9th day of July, 2012

Noel James
Signature of Agency Official

Amanda A. James
NOTARY PUBLIC

Prepared by: _____

Title: _____

Telephone No.: _____

Date: _____



**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2011**

The Management's Discussion and Analysis of the Bayou D'Arbonne Lake Watershed District's (BTA) financial performance presents a narrative overview and analysis of Bayou D'Arbonne Lake Watershed District's (BTA) financial activities for the year ended December 31, 2011. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the financial statements, which begin on page 15.

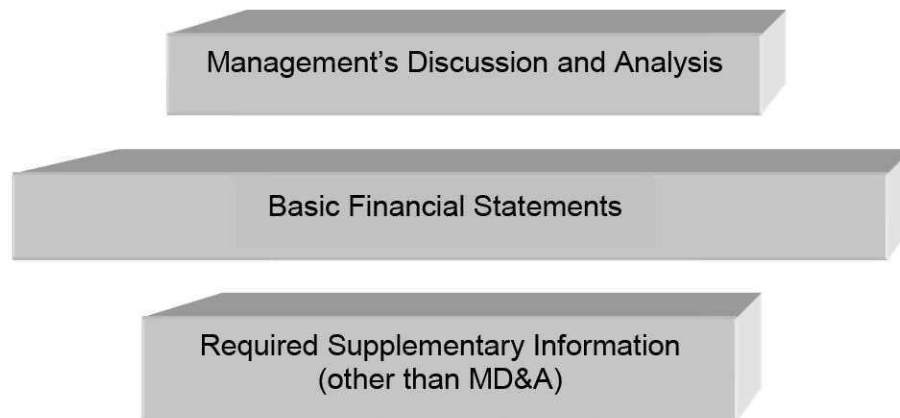
FINANCIAL HIGHLIGHTS

The Bayou D'Arbonne Lake Watershed District's (BTA) had net assets of \$249,942 and no liabilities. Due to the DOTD Spillway project causing an increase in cash and receivables, there was a \$1,202,211 increase in assets from last fiscal year.

The District is currently working on a project funded by a Louisiana Department of Transportation grant for repairs to the spillway. The project is identified as the Tainter Gate Project. The budget for the project as of January 9, 2012, was \$9,275,136. As of January 9, 2012, \$5,033,283 had been expended.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements), and Required Supplementary Information.

**BAYOU D'ARBONE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

**Management's Discussion and Analysis (Continued)
As of and for the Year Ended December 31, 2011**

Basic Financial Statements

The basic financial statements present information for the Bayou D'Arbonne Lake Watershed District (BTA) as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance Sheet; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; the Statement of Activities; and the Statement of Cash Flows.

The Balance Sheet presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Bayou D'Arbonne Lake Watershed District (BTA) is improving or deteriorating.

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

The Statement of Cash Flows presents information showing how Bayou D'Arbonne Lake Watershed District's (BTA) cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

Statements of Fund Net Assets

NET ASSETS

	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 1,385,470	\$ 183,259
Capital assets, net	<u>14,970</u>	14,970
Total assets	<u>1,400,440</u>	<u>198,229</u>
Liabilities:		
Current	<u>1,150,498</u>	<u>-</u>
Fund net assets:		
Invested in capital assets, net of debt	14,970	14,970
Unrestricted	<u>234,972</u>	183,259
Total fund net assets	<u>\$ 249,942</u>	<u>\$ 198,229</u>

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. The District has no such assets at December 31, 2011. Unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

**BAYOU D'ARBONE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

**Management's Discussion and Analysis (Continued)
As of and for the Year Ended December 31, 2011**

Net assets of Bayou D'Arbonne Lake Watershed District's (BTA) increased by \$51,713, or 26%, from December 31, 2010, to December 31, 2011.

CHANGE IN NET ASSETS

	<u>2011</u>	<u>2010</u>
Program revenues:		
Operating grants and contributions	\$ 3,218,145	\$ 115,456
General revenues:		
Other taxes	61,702	53,335
Other	6,469	734
Total revenues	<u>3,286,316</u>	<u>169,525</u>
Expenses:		
Water conservation	<u>3,234,603</u>	<u>139,054</u>
Change in fund net assets	51,713	30,471
Fund net assets at beginning of year	<u>198,229</u>	167,758
Fund net assets at end of year	<u>\$ 249,942</u>	<u>\$ 198,229</u>

As mentioned above, due to an increase in the amounts received from the DOTD grant, Bayou D'Arbonne Lake Watershed District's (BTA) total revenues increased \$3,116,791 while the total cost of all programs and services increased by \$3,095,549.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2011, the Bayou D'Arbonne Lake Watershed District (BTA) had \$14,970 invested in land. The District does not consider infrastructure such as boat launches to be material and does not capitalize them.

The District has no debt at December 31, 2011.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

As a budgetary unit of the State of Louisiana, the District is exempt from the requirements of the Louisiana Local Government Budget Act. However, the Board of Commissioners does adopt a budget for funds expended from the District's operating account. This budget, along with the expenditures from the other accounts, is reviewed by the Board. There were no amendments to the budget during the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2012 budget for operations adopted by the Board is consistent with previous years' operating results. The budget also includes revenue and related expenses to be provided by a DOTD grant.

**BAYOU D'ARBONE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

**Management's Discussion and Analysis (Continued)
As of and for the Year Ended December 31, 2011**

CONTACTING THE DISTRICT'S (BTA) MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Bayou D'Arbonne Lake Watershed District's (BTA) finances and to show the District's (BTA) accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board at P. O. Box 696, Farmerville, Louisiana 71241.

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

Statement A

**BALANCE SHEET
AS OF DECEMBER 31, 2011**

ASSETS

Current assets:

Cash and cash equivalents	\$ 632,600
Receivables, net of allowances	752,870
Total current assets	<u>1,385,470</u>

Noncurrent assets:

Capital assets, net of accumulated depreciation	<u>14,970</u>
---	---------------

TOTAL ASSETS **\$ 1,400,440**

LIABILITIES AND FUND NET ASSETS

Current liabilities:

Contracts payable	<u>\$ 1,150,498</u>
-------------------	---------------------

Fund net assets:

Invested in capital assets, net of related debt	14,970
Unrestricted	234,972
Total fund net assets	<u>249,942</u>

TOTAL LIABILITIES AND FUND NET ASSETS **\$ 1,400,440**

See accompanying notes and accountant's compilation report.

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

Statement B

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Operating expenses:	
Cost of services	\$ 6,275
Administration	15,999
Special projects	<u>3,212,329</u>
Total operating expenses	<u>3,234,603</u>
Operating loss	<u>(3,234,603)</u>
Nonoperating revenues:	
Intergovernmental	3,218,145
Interest earnings	706
Franchise taxes	61,702
Other revenues	<u>5,763</u>
Total nonoperating revenues	<u>3,286,316</u>
Change in fund net assets	51,713
Fund net assets at beginning of year	<u>198,229</u>
Fund net assets at end of year	<u>\$ 249,942</u>

See accompanying notes and accountant's compilation report.

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

Statement C

**STATEMENT OF ACTIVITIES
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Water conservation	<u>\$3,234,603</u>	<u>\$ -</u>	<u>\$3,218,145</u>	<u>\$ -</u>	<u>\$ (16,458)</u>
General revenues:					
					706
					61,702
					5,763
					<u>68,171</u>
					<u>51,713</u>
					<u>198,229</u>
					<u>\$ 249,942</u>

See accompanying notes and accountant's compilation report.

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

Statement D

**STATEMENT OF CASH FLOWS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

<hr/>	
Cash flows from operating activities:	
Payments to suppliers and contractors	\$ (2,084,105)
Net cash provided (used) by operating activities	<u>(2,084,105)</u>
Cash flows from noncapital financing activities:	
Taxes	52,363
State grants	2,470,414
Other receipts	9,963
Net cash provided (used) by noncapital and related financing activities	<u>2,532,740</u>
Cash flows from investing activities:	
Interest received	706
Net cash provided (used) by investing activities	<u>706</u>
Net increase (decrease) in cash and cash equivalents	449,341
Cash and cash equivalents, beginning of year	<u>183,259</u>
Cash and cash equivalents, end of year	<u>\$ 632,600</u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating loss	\$ (3,234,603)
Adjustments to reconcile operating loss to cash provided (used) by operating activities:	
Increase (decrease) in contracts payable	<u>1,150,498</u>
Net cash provided (used) by operating activities	<u>\$ (2,084,105)</u>
Noncash investing, capital and financing activities:	
None	

See accompanying notes and accountant's compilation report.

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

INTRODUCTION

The Bayou D'Arbonne Lake Watershed District (the District) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38:2551.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

The State of Louisiana (State) reporting entity consists of the various departments, agencies, activities, and organizational units that are within the control and authority of the Louisiana Legislature and/or constitutional officers of the State. The State, like the United States, has three branches of government – legislative (bicameral), executive, and judicial.

As required by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Determining Whether Certain Organizations are Component Units*, a legally separate entity is considered a component unit of the State if at least one of the following criteria is met:

4. The State appoints a voting majority of the organization's governing body and is either able to impose its will on that organization or there is a potential financial benefit/burden to the State.
5. The entity is fiscally dependent on the State.
6. The nature and significance of the relationship between the State and the entity is such that exclusion would cause the financial statements of the State to be misleading or incomplete.

Depending on the closeness of their relationship with the State, some component units are blended with the State reporting entity, while others are discretely reported. The District is a discretely reported component unit of the State because the board members are appointed by the State and the State is able to impose its will on the District through budgetary oversight. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the State, the general government services provided by the State, or the other governmental units that comprise the financial reporting entity.

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT
STATE OF LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of accounting

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

The accompanying financial statements of the Bayou D'Arbonne Lake Watershed District (BTA) present information only as to the transactions of the programs of the Bayou D'Arbonne Lake Watershed District (BTA) as authorized by Louisiana statutes and administrative regulations.

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

The accounts of the Bayou D'Arbonne Lake Watershed District (BTA) are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue recognition

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

Expense recognition

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

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT
STATE OF LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

B. BUDGETARY ACCOUNTING

As a budgetary unit of the State of Louisiana, the Bayou D'Arbonne Lake Watershed District is exempt from the requirements of the *Louisiana Local Government Budget Act*. However, the District does adopt a budget for the operating account.

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. Deposits with financial institutions

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law, the Bayou D'Arbonne Lake Watershed District (BTA) may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the (BTA) may invest in time certificates of deposit in any bank domiciled or having a branch 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 and balance sheet presentation, all highly liquid investments (including negotiable certificates of deposit and restricted cash and cash equivalents) and deposits (including nonnegotiable certificates of deposit and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

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

GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by the three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT
STATE OF LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)
1. Deposits with financial institutions (Continued)

The deposits at December 31, 2011, consisted of the following:

	<u>Cash</u>	<u>Nonnegotiable Certificates of Deposit</u>	<u>Other</u>	<u>Total</u>
Balance per agency books	\$ 632,600	\$ -	\$ -	\$ 632,600
Deposits in bank accounts per bank	\$ 632,600	\$ -	\$ -	\$ 632,600
Bank balances of deposits exposed to custodial credit risk:				
Deposits not insured and uncollateralized	\$ 382,600	\$ -	\$ -	\$ -
Deposits not insured and collateralized with securities held by the pledging institution	\$ -	\$ -	\$ -	\$ -
Deposits not insured and collateralized with securities held by the pledging institution's trust department or agency but not in the entity's name	\$ -	\$ -	\$ -	\$ -

The following is a breakdown by banking institution, program, account number, and amount of the "Deposits in bank accounts per bank" balances shown above:

<u>Program</u>	<u>Amount</u>
Water Conservation	\$ 632,600

2. Investments

The Bayou D'Arbonne Lake Watershed District (BTA) does not maintain investment accounts.

D. CAPITAL ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. The District's capital assets at December 31, 2011, consist only of land; therefore, no depreciation expense is recognized in the accompanying financial statements. The District's infrastructure is considered to be immaterial and is not capitalized and depreciated. Infrastructure consists of flood-alert equipment, channel markings, boat launch ramps, and other improvements.

E. INVENTORIES

The District's inventories are considered immaterial and are expensed when purchased.

F. RESTRICTED ASSETS

The District has no restricted assets.

See accountant's compilation report.

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT
STATE OF LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

G. LEAVE

The District does not have any employees.

H. RETIREMENT SYSTEM

The District does not have any employees.

I. OTHER POSTEMPLOYMENT BENEFITS

The District does not have any employees.

J. LEASES

The District does not have any leases.

K. LONG-TERM LEASES

The District does not have any leases.

L. CONTINGENT LIABILITIES

The District is not a defendant in any litigation and is not aware of any contingent liabilities.

M. RELATED PARTY TRANSACTIONS

Management is not aware of any related party transactions.

N. ACCOUNTING CHANGES

There were no changes during the year ended December 31, 2011.

O. IN-KIND CONTRIBUTIONS

The District did not receive any in-kind contributions.

P. DEFEASED ISSUES

The District does not have any such issues.

Q. REVENUES – PLEDGED OR SOLD

The District does not have any such revenues.

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT
STATE OF LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

The District does not have any such transactions.

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

Management is not aware of any such violations.

T. SHORT-TERM DEBT

The District does not have any debt.

U. DISAGGREGATION OF RECEIVABLE BALANCES

The District does not have any such balances.

V. DISAGGREGATION OF PAYABLE BALANCES

The District does not have any such balances.

W. SUBSEQUENT EVENTS

Management is not aware of any significant subsequent events.

X. SEGMENT INFORMATION

The District does not have segments.

Y. DUE TO/DUE FROM AND TRANSFERS

The District has only one fund.

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

The District does not have any such payables.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

There were no such adjustments.

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46)

The District does not have any such balances.

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT
STATE OF LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

CC. IMPAIRMENT OF CAPITAL ASSETS

Management is not aware of any such impairment.

DD. EMPLOYEE TERMINATION BENEFITS

The District does not have any employees.

EE. COMMITMENT

On February 9, 2011, the District awarded a \$6,385,986 contract for repairs to the spillway to be funded by a Louisiana Department of Transportation and Development grant. During 2011, the District approved three change orders adjusting the contract to \$6,413,421. As of December 31, 2011, the District had incurred expenses of \$2,904,098 under the contract.

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

**SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

Noel James, President	\$ -
Steve Cagle, Vice President	-
Terri Towns, Secretary-Treasurer	-
Don Hogan	-
Joe Rainer	-
Total	<u>\$ -</u>

This schedule is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

See accountant's compilation report.

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT (BTA)
STATE OF LOUISIANA**

**COMPARISON FIGURES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	2011	2010	Difference	Percentage Change
Revenues	\$ 3,286,316	\$ 169,525	\$ 3,116,791	1839%
Expenses	\$ 3,234,603	\$ 139,054	\$ 3,095,549	2226%
Capital assets	\$ 14,970	\$ 14,970	\$ -	0%
Long-term debt	\$ -	\$ -	\$ -	0%
Fund net assets	\$ 249,942	\$ 198,229	\$ 51,713	26%

Explanation for change: The three differences are all a result of changes in project revenue and expenses due to the stage of projects. There was almost no change in the District's normal revenues and expenses.