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**BAYOU D'ARBONNE LAKE
WATERSHED DISTRICT
Ruston, Louisiana**

**General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Two Years Ended
December 31, 2000
With Supplemental Information Schedules**

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 05/09/01

BAYOU D'ARBONNE LAKE
WATERSHED DISTRICT
Ruston, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Two Years Ended December 31, 2000
With Supplemental Information Schedules

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WATERSHED DISTRICT
Ruston, Louisiana
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M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • TELEPHONE 318/644-5726

Independent Auditor's Report

BOARD OF COMMISSIONERS
BAYOU D'ARBONNE LAKE
WATERSHED DISTRICT
Ruston, Louisiana

I have audited the accompanying general purpose financial statements of Bayou D'Arbonne Lake Watershed District, a component unit of the State of Louisiana, as of December 31, 2000, and for each of the years in the two year period then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the district's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

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

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Bayou D'Arbonne Lake Watershed District, as of December 31, 2000, and the results of operations for each of the years in the two year period then ended, in conformity with generally accepted accounting principles.

BOARD OF COMMISSIONERS
BAYOU D'ARBONNE LAKE
WATERSHED DISTRICT
Ruston, Louisiana
Independent Auditor's Report,
December 31, 2000

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The Summary Schedule of Prior Audit Findings, the Corrective Action Plan for Current Year Audit Findings, and the Division of Administration, Office of Statewide Reporting and Accounting Policy (OSRAP) Reporting Packet For the Year Ended December 31, 2000 listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of Bayou D'Arbonne Lake Watershed District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, I have also issued my report dated April 20, 2001 on my consideration of Bayou D'Arbonne Lake Watershed District's internal control over financial reporting and my tests of the district's compliance with laws, regulations, contracts, and grants.



Calhoun, Louisiana
April 20, 2001

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

BAYOU D'ARBONNE LAKE
WATERSHED DISTRICT
Ruston, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet, December 31, 2000

	GOVERNMENTAL FUND TYPE - GENERAL FUND	ACCOUNT GROUP- GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
ASSETS			
Cash	\$82,187		\$82,187
Accounts receivable - franchise taxes	5,512		5,512
Investments	100,000		100,000
Land		\$14,970	14,970
Equipment		2,128	2,128
TOTAL ASSETS	<u>\$187,699</u>	<u>\$17,098</u>	<u>\$204,797</u>
LIABILITIES AND FUND EQUITY			
Liabilities - accounts payable	<u>\$1,578</u>		<u>1,578</u>
Fund Equity:			
Investment in general fixed assets		\$17,098	17,098
Fund balance - unreserved - undesignated	<u>186,121</u>		<u>186,121</u>
Total Fund Equity	<u>186,121</u>	<u>17,098</u>	<u>203,219</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$187,699</u>	<u>\$17,098</u>	<u>\$204,797</u>

The accompanying notes are an integral part of this statement.

BAYOU D'ARBONNE LAKE
 WATERSHED DISTRICT
 Ruston, Louisiana
 GOVERNMENTAL FUND TYPE

Combined Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget (GAAP Basis) and Actual
 For the Year Ended December 31, 2000

	.....GENERAL FUND.....		FEASIBILITY STUDY SPECIAL REVENUE.....FUND.....		VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL	BUDGET	ACTUAL	
REVENUES					
Franchise taxes	\$20,000	\$22,887			\$2,887
Intergovernmental:					
State funds				\$3,090	\$3,090
Local funds	2,700	2,700			
Use of money and property - interest	5,500	9,320			3,820
Other revenues		2,562			2,562
Total revenues	<u>28,200</u>	<u>37,469</u>	<u>NONE</u>	<u>3,090</u>	<u>3,090</u>
EXPENDITURES					
Public works - current					
Operating services	9,248	8,454			794
Materials and supplies	500	235			265
Other expenditures	56,452	18,224		3,090	(3,090)
Total expenditures	<u>66,200</u>	<u>26,913</u>	<u>NONE</u>	<u>3,090</u>	<u>(3,090)</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement B

BAYOU D'ARBONNE LAKE
 WATERSHED DISTRICT
 Ruston, Louisiana
 GOVERNMENTAL FUND TYPE

Combined Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget (GAAP Basis) and Actual
 For the Year Ended December 31, 2000

	.....GENERAL FUND.....		.....FUND.....		VARIANCE
	BUDGET	ACTUAL	BUDGET	ACTUAL	FAVORABLE
		(UNFAVORABLE)		(UNFAVORABLE)	
FEASIBILITY STUDY					
SPECIAL REVENUE					
EXCESS (Deficiency) OF REVENUES		\$10,556	NONE	NONE	NONE
OVER EXPENDITURES		\$48,556	NONE	NONE	NONE
FUND BALANCE AT BEGINNING	38,000	175,565	NONE	NONE	NONE
OF YEAR					
FUND BALANCE AT END OF YEAR	<u>NONE</u>	<u>\$186,121</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>

(Concluded)

The accompanying notes are an integral part of this statement.

BAYOU D'ARBONNE LAKE
 WATERSHED DISTRICT
 Ruston, Louisiana
 GOVERNMENTAL FUND TYPE

Combined Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget (GAAP Basis) and Actual
 For the Year Ended December 31, 1999

	.....GENERAL FUND.....		FEASIBILITY STUDY SPECIAL REVENUE.....FUND.....		VARIANCE	
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>	FAVORABLE	(UNFAVORABLE)
REVENUES						
Franchise taxes	\$20,000	\$20,613				
Intergovernmental:						
State funds						\$16,820
Local funds	2,700	2,700				
Use of money and property - interest	6,000	4,961			(1,039)	
Other revenue		3,391			3,391	
Total revenues	<u>28,700</u>	<u>31,665</u>	<u>NONE</u>	<u>16,820</u>	<u>NONE</u>	<u>16,820</u>
EXPENDITURES						
Public works - current						
Operating services	10,815	10,236			579	
Materials and supplies	1,200	418			782	
Other expenditures	50,311	16,543			33,768	(16,820)
Total expenditures	<u>62,326</u>	<u>27,197</u>	<u>NONE</u>	<u>16,820</u>	<u>35,129</u>	<u>(16,820)</u>

(Continued)

The accompanying notes are an integral part of this statement.

BAYOU D'ARBONNE LAKE
WATERSHED DISTRICT

Ruston, Louisiana

GOVERNMENTAL FUND TYPE

Combined Statement of Revenues, Expenditures, and

Changes in Fund Balances - Budget (GAAP Basis) and Actual

For the Year Ended December 31, 1999

	.....GENERAL FUND.....		FEASIBILITY STUDY SPECIAL REVENUE.....FUND.....		VARIANCE FAVORABLE (UNFAVORABLE)
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>	
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES		\$4,468	NONE	NONE	NONE
FUND BALANCE AT BEGINNING OF YEAR	33,626	171,097	NONE	NONE	NONE
FUND BALANCE AT END OF YEAR	<u>NONE</u>	<u>\$175,565</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>

(Concluded)

The accompanying notes are an integral part of this statement.

BAYOU D'ARBONNE LAKE
WATERSHED DISTRICT
Ruston, Louisiana

Notes to the Financial Statements
As of and for the Two Years Ended December 31, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Bayou D'Arbonne Lake Watershed District was created under the provisions of Louisiana Revised Statutes 38:2551 in 1956. The district is a political subdivision and budgetary unit of the State of Louisiana which has as its purpose the conservation of soil and water and developing the natural resources and wealth of the district for sanitary, agricultural, and recreational purposes.

The district is governed by a board of seven commissioners who reside in Lincoln or Union parishes and are appointed by the governor. The members of the board of commissioners serve without benefit of compensation for four year terms.

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of Bayou D'Arbonne Lake Watershed District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for established governmental accounting and financial reporting principles.

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The Bayou D'Arbonne Lake Watershed District is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the board members and public service is rendered within the state's boundaries. The accompanying general purpose financial statements present information only as to the transactions of Bayou D'Arbonne Lake Watershed District, a component unit of the State of Louisiana. Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements. The general purpose financial statements are issued by the Louisiana Division of Administration - Office of Statewide Reporting and Accounting Policy and are audited by the Louisiana Legislative Auditor.

BAYOU D'ARBONNE LAKE
WATERSHED DISTRICT
Ruston, Louisiana
Notes to the Financial Statements (Continued)

C. FUND ACCOUNTING

The 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 related to certain government functions or activities.

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

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

Governmental funds are used to account for the district's general activities, including the collection and disbursement of specific or legally restricted monies and the acquisition or construction of general fixed assets. Governmental funds include:

General Fund

The General Fund is the general operating fund of the district. It accounts for all financial resources, except those required to be accounted for in another fund.

Feasibility Study Special Revenue Fund

The Feasibility Study special revenue fund is used to account for grant funds from the State of Louisiana Department of Transportation and Development (DOTD). These funds are limited to planning and construction costs incurred under the cooperative agreement between Bayou D'Arbonne Lake Watershed District and DOTD.

BAYOU D'ARBONNE LAKE
WATERSHED DISTRICT
Ruston, Louisiana
Notes to the Financial Statements (Continued)

D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for reporting all governmental fund types. The district uses the following practices in recognizing and reporting revenues and expenditures of the governmental funds:

Revenues

Franchise taxes and intergovernmental revenues are recorded when the district is entitled to the funds.

Interest income on bank deposits, is recorded when the interest has been earned and the amount is determinable.

Substantially all other revenues are recorded when they become available to the district.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

E. BUDGET PRACTICES

As a budgetary unit of the State of Louisiana, Bayou D'Arbonne Lake Watershed District is exempt from the requirements of the Louisiana Local Government Budget Act. However, the district did adopt an annual operating budget for 2000 and 1999 for the General Fund. The proposed budgets, prepared on the modified accrual basis of accounting, are formally adopted by the board of commissioners during the first board meeting of each year. The budgets are established and controlled by the board of

BAYOU D'ARBONNE LAKE
WATERSHED DISTRICT
Ruston, Louisiana
Notes to the Financial Statements (Continued)

commissioners at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts. There were no budget amendments during the two years ended December 31, 2000.

F. CASH

Cash includes amounts in interest-bearing demand deposits. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with banks 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.

G. INVESTMENTS

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the district'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. At December 31, 2000, the district's investments consist of a nonnegotiable certificate of deposit with an original maturity that exceeds 90 days that is reported in the accompanying financial statements at cost.

**H. ALLOWANCE FOR
UNCOLLECTIBLE ACCOUNTS**

The statements contain no provision for uncollectible accounts. The district is of the opinion that such allowance would be immaterial in relation to the financial statements taken as a whole.

I. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect

BAYOU D'ARBONNE LAKE
 WATERSHED DISTRICT
 Ruston, Louisiana
 Notes to the Financial Statements (Continued)

certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. All fixed assets are valued at cost where historical records are available and at estimated cost where no historical records are available. Approximately 13 per cent of general fixed assets are valued at actual cost while the remaining 87 per cent are based on estimated cost based on the actual costs of like items. The district has elected not to capitalize public domain (infrastructure) fixed assets including the district's cost of flood-alert equipment, channel markings, boat launch ramps, and other improvements. No depreciation has been provided on general fixed assets.

**K. TOTAL COLUMNS ON THE
 COMBINED STATEMENT**

The total columns on the combined 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 in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. CASH AND INVESTMENTS

At December 31, 2000, the district has cash and investments (book balances) totaling \$182,187, as follows:

Interest bearing demand deposits	\$82,187
Investments - certificate of deposit	<u>100,000</u>
Total	<u>\$182,187</u>

These deposits 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 securities are held

BAYOU D'ARBONNE LAKE
WATERSHED DISTRICT
Ruston, Louisiana
Notes to the Financial Statements (Continued)

in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and investments (bank balances) at December 31, 2000, are secured as follows:

Bank Balances	<u>\$184,314</u>
Federal deposit insurance	\$116,867
Pledged securities (uncollateralized)	<u>99,773</u>
Total	<u>\$216,640</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 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 district that the fiscal agent bank has failed to pay deposited funds upon demand.

3. CHANGES IN GENERAL FIXED ASSETS

There were no changes in general fixed assets for the two years ended December 31, 2000.

4. FEASIBILITY STUDY PAYMENTS

During the year ended December 31, 1995, Bayou D'Arbonne Lake Watershed District entered into a cooperative endeavor agreement with the State of Louisiana, Department of Transportation and Development for planning and construction for the Lake D'Arbonne Spillway. In connection with this agreement, the state appropriated \$350,000 to the project. In January 1998, the state appropriated an additional \$100,000 for the project. During the year ended December 31, 1996, Bayou D'Arbonne Lake Watershed District entered into a contract with Denmon Engineering Company to provide engineering studies and surveys for the project at a total cost of \$325,411. Total engineering expenditures incurred under this contract during the two years ended December 31, 2000 and 1999, were \$3,090 and \$16,820 respectively.

5. LITIGATION AND CLAIMS

The district is involved in two lawsuits at December 31, 2000. The district's legal advisor is unable to estimate the ultimate resolution of these matters; therefore, no provision for any liability resulting from these lawsuits has been made in the accompanying financial statements.

BAYOU D'ARBONNE LAKE
WATERSHED DISTRICT
Ruston, Louisiana
Notes to the Financial Statements (Continued)

6. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of assets; errors and omissions and natural disasters. The district maintains commercial insurance coverage to reduce the risk of loss. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

SUPPLEMENTAL INFORMATION

**BAYOU D'ARBONNE LAKE
WATERSHED DISTRICT
Ruston, Louisiana**

**SUPPLEMENTAL INFORMATION
As of and for the Two Years Ended December 31, 2000**

PRIOR AUDIT FINDINGS

The follow-up and corrective action taken on all prior audit findings is presented in the summary schedule of prior audit findings (Schedule 1).

CURRENT AUDIT FINDINGS

The corrective action plan for current year audit findings is presented in Schedule 2.

**DIVISION OF ADMINISTRATION, OFFICE OF STATEWIDE
REPORTING AND ACCOUNTING POLICY (OSRAP) REPORTING PACKET
FOR THE YEAR ENDED DECEMBER 31, 2000**

The Division of Administration, Office of Statewide Reporting and Accounting Policy (OSRAP) reporting packet is required for reporting the results of operations of the State of Louisiana's commissions and districts to OSRAP for the fiscal period ending between July 1, 2000 and June 30, 2001.

BAYOU D'ARBONNE LAKE
 WATERSHED DISTRICT
 Ruston, Louisiana

Summary Schedule of Prior Audit Findings
 For the Two Years Ended December 31, 2000

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken
---------------------	--	------------------------	-------------------------------

There were no prior year audit findings.

BAYOU D'ARBONNE LAKE
WATERSHED DISTRICT
Ruston, Louisiana

Corrective Action Plan
For Current Year Audit Findings
For the Two Years Ended December 31, 2000

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
-----------------------------	-------------------------------	--	---------------------------------------	--

There were no audit findings for the two years ended December 31, 2000.

**DIVISION OF ADMINISTRATION, OFFICE OF STATEWIDE
REPORTING AND ACCOUNTING POLICY (OSRAP) REPORTING PACKET
FOR THE YEAR ENDED DECEMBER 31, 2000**

STATE OF LOUISIANA
Bayou D'Arbonne Lake Watershed District

Annual Financial Statement
For the Year Ended December 31, 2000

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STATE OF LOUISIANA
Annual Financial Statement
Fiscal Year Ending December 31, 2000

Bayou D'Arbonne Lake Watershed 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, Hewitt D. Carter, Secretary-Treasurer of Bayou D'Arbonne Lake Watershed District who duly sworn, deposes and says, that the financial statement herewith given presents fairly the financial position of Bayou D'Arbonne Lake Watershed District at December 31, 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 23rd day of April, 2001.

Hewitt D. Carter
Signature of Agency Official

Martha L. Booth
Notary Public

Prepared by: Hewitt D. Carter

Title: Secretary-Treasurer

Telephone No.: (318) 368-3397

Date: 4-23-2001

STATE OF LOUISIANA
 BAYOU D'ARBONNE LAKE WATERSHED DISTRICT
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 December 31, 2000

	GOVERNMENTAL FUND TYPE - GENERAL	ACCOUNT GROUP- GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
ASSETS AND OTHER DEBITS			
Cash and cash equivalents	\$82,187		\$82,187
Investments	100,000		100,000
Receivables	5,512		5,512
Property, plant, and equipment		\$17,098	17,098
TOTAL ASSETS AND OTHER DEBITS	\$187,699	\$17,098	\$204,797
LIABILITIES, EQUITY, AND OTHER CREDITS			
Liabilities:			
Accounts payable and accruals	\$1,578		1,578
Total liabilities	1,578		1,578
Equity and other credits:			
Investment in general fixed assets		\$17,098	17,098
Fund balances:			
Unreserved - undesignated	186,121		186,121
Total equity and other credits	186,121	17,098	203,219
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	\$187,699	\$17,098	\$204,797

The accompanying notes are an integral part of this statement.

Statement A

STATE OF LOUISIANA
 BAYOU D'ARBONNE LAKE WATERSHED DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
 For the year ended December 31, 2000

	GOVERNMENTAL FUND TYPE		TOTAL (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	
REVENUES			
Intergovernmental revenues	\$2,700	\$3,090	\$5,790
Taxes	22,887		22,887
Use of money and property	9,320		9,320
Other revenues	2,562		2,562
Total revenues	<u>37,469</u>	<u>3,090</u>	<u>40,559</u>
EXPENDITURES			
Current:			
Other	26,913	3,090	30,003
Total expenditures	<u>26,913</u>	<u>3,090</u>	<u>30,003</u>
EXCESS OF REVENUES OVER EXPENDITURES	10,556	NONE	10,556
OTHER FINANCING SOURCES (USES)	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	10,556	NONE	10,556
FUND BALANCES AT BEGINNING OF YEAR	<u>175,565</u>	<u>NONE</u>	<u>175,565</u>
FUND BALANCES AT END OF YEAR	<u>\$186,121</u>	<u>NONE</u>	<u>\$186,121</u>

The accompanying notes are an integral part of this statement.

Statement B

STATE OF LOUISIANA
 BAYOU D'ARBONNE LAKE WATERSHED DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES, BUDGET AND ACTUAL -
 GENERAL AND SPECIAL REVENUE FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2000

	.....GENERAL FUND.....		BUDGET	SPECIAL REVENUE.....FUND.....	
	BUDGET	ACTUAL		BUDGET	ACTUAL
					VARIANCE
					FAVORABLE
					(UNFAVORABLE)
REVENUES					
Intergovernmental revenues	\$2,700	\$2,700		\$3,090	\$3,090
Taxes	20,000	22,887			2,887
Use of money and property - interest	5,500	9,320			3,820
Other revenues		2,562			2,562
Total revenues	28,200	37,469		NONE	9,269
EXPENDITURES					
Operating services	9,248	8,454			794
Materials and supplies	500	235			265
Other expenditures	56,452	18,224			38,228
Total expenditures	66,200	26,913		NONE	39,287

(Continued)

The accompanying notes are an integral part of this statement.

Statement C

STATE OF LOUISIANA
 BAYOU D'ARBONNE LAKE WATERSHED DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES, BUDGET AND ACTUAL -
 GENERAL AND SPECIAL REVENUE FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2000

	.....GENERAL FUND.....		SPECIAL REVENUE.....FUND.....		VARIANCE FAVORABLE	VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	(UNFAVORABLE)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(\$38,000)	\$10,556	NONE	NONE	NONE	NONE
OTHER FINANCING SOURCES (USES)	NONE	NONE	NONE	NONE	NONE	NONE
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(\$38,000)	\$10,556	NONE	NONE	NONE	NONE
FUND BALANCE AT BEGINNING OF YEAR	38,000	175,565	NONE	NONE	NONE	NONE
FUND BALANCE AT END OF YEAR	NONE	\$186,121	NONE	NONE	NONE	NONE

(Concluded)

The accompanying notes are an integral part of this statement.

Statement C

STATE OF LOUISIANA
BAYOU D'ARBONNE LAKE WATERSHED DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY AND NON-EXPENDABLE TRUST FUNDS
For the year ended December 31, 2000

NON-APPLICABLE (N/A)

The accompanying notes are an integral part of this statement.

Statement D

STATE OF LOUISIANA
BAYOU D'ARBONNE LAKE WATERSHED DISTRICT
STATEMENT OF CASH FLOWS
ALL PROPRIETARY AND NON-EXPENDABLE TRUST FUNDS
For the year ended December 31, 2000

NON-APPLICABLE (N/A)

The accompanying notes are an integral part of this statement.

Statement E

**STATE OF LOUISIANA
BAYOU LAKE D'ARBONNE LAKE WATERSHED DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

INTRODUCTION

The Bayou D'Arbonne Lake Watershed District was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38:2551. The following is a brief description of the operations of Bayou D'Arbonne Lake Watershed District which includes the parish/parishes in which the is located:

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 watershed 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 Bayou D'Arbonne Lake Watershed 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.

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

STATE OF LOUISIANA
BAYOU LAKE D'ARBONNE LAKE WATERSHED DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

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 district. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Fund - N/A

Capital Projects Funds - N/A

Enterprise Fund - N/A

Internal Service Fund - N/A

Trust and Agency Funds - N/A

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 - N/A

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 cash basis of accounting but are converted to the modified

**STATE OF LOUISIANA
BAYOU LAKE D'ARBONNE LAKE WATERSHED DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

accrual basis for financial reporting utilizing the following practices in recognizing revenues and expenditures:

Revenues

Franchise taxes and intergovernmental revenues are recorded when the district is entitled to the funds.

Interest income on bank deposits, is recorded when the interest has been earned and the amount is determinable.

Substantially all other revenues are recorded when they become available to the district.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

5. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the General Fund and Special Revenue Fund.

6. Total Columns on Combined Statements

Total columns on the combined 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.

B. BUDGETARY PRACTICES

The Bayou D'Arbonne Lake Watershed District utilizes the following budgetary practices:

**STATE OF LOUISIANA
 BAYOU LAKE D'ARBONNE LAKE WATERSHED DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2000**

As a budgetary unit of the State of Louisiana, Bayou D'Arbonne Lake Watershed District is exempt from the requirements of the Louisiana Local Government Budget Act. However, the district did adopt an annual operating budget for 2000 for the General Fund. The budget is prepared on a modified accrual basis. The budget for the fiscal year ended December 31, 2000 was adopted on January 24, 2000. There were no subsequent budget amendments. Formal budget integration is employed as a management control device during the year for the General Fund. All appropriations lapse at year-end.

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 may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the district may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The deposits at December 31, 2000, were secured as follows:

	Deposits in Bank.....Accounts.....		Total
	Cash	Certificates of Deposit	
Deposits in Bank Accounts per Balance Sheet	<u>\$82,187</u>	<u>\$100,000</u>	<u>\$182,187</u>
Bank Balances:			
a. Insured (FDIC) or collateralized with securities held by the entity or its agent in the entity's name	\$84,314	\$32,554	\$116,868

**STATE OF LOUISIANA
 BAYOU LAKE D'ARBONNE LAKE WATERSHED DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2000**

	Deposits in Bank		Total
	.....Accounts.....		
	Cash	Certificates of Deposit	
c. Uncollateralized, including any securities held for the entity but not in the entity's name		67,446	67,446
Total Bank Balances	<u>\$84,314</u>	<u>\$100,000</u>	<u>\$184,314</u>

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

Banking Institution	Account	Amount
First Guaranty Bank	Checking	\$67,447
First Guaranty Bank	Certificate of Deposit	100,000
Community Trust Bank	Checking	<u>16,867</u>
Total Bank Balances		<u>\$184,314</u>

The uncollateralized securities fitting the description in (c) above were not significantly greater during the year than at December 31, 2000.

2. INVESTMENTS

At December 31, 2000, the watershed district's investments consist of a nonnegotiable certificate of deposit that is treated as a "deposit with financial institution" above.

D. RECEIVABLES

At December 31, 2000, the watershed district had receivable balances, totaling \$5,512, as follows:

Class of Receivable	Governmental	
	...Funds...	
	General	Total
Rent, leases, and other	<u>\$5,512</u>	<u>\$5,512</u>
Total receivables, net	<u>\$5,512</u>	<u>\$5,512</u>

**STATE OF LOUISIANA
 BAYOU LAKE D'ARBONNE LAKE WATERSHED DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2000**

E. DUE TO/FROM OTHER FUNDS AND TRANSFERS

N/A

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 capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated historical cost. Approximately 13 per cent of general fixed assets are valued at actual cost while the remaining 87 per cent are based on estimated cost based on the actual costs of like items.

A summary of changes in general fixed assets follows:

	Beginning Balance at <u>January 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance at <u>December 31, 2000</u>
Land	\$14,970			\$14,970
Equipment	2,128			2,128
Total	<u>\$17,098</u>	<u>NONE</u>	<u>NONE</u>	<u>\$17,098</u>

The district's infrastructure is estimated to total less than \$3,000,000 and is therefore not disclosed in the notes.

G. INVENTORIES

N/A

H. RESTRICTED ASSETS

N/A

I. PAYABLES

At December 31, 2000, the watershed district had payables totaling \$1,578, as follows:

**STATE OF LOUISIANA
 BAYOU LAKE D'ARBONNE LAKE WATERSHED DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2000**

<u>Class of Payable</u>	Governmental	
	<u>General</u>	<u>Total</u>
Accounts Payable	\$1,578	\$1,578
Total payables	<u>\$1,578</u>	<u>\$1,578</u>

J. RETIREMENT SYSTEM

N/A

K. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

N/A

L. LEAVE

N/A

M. LEASES

N/A

N. GENERAL LONG-TERM OBLIGATIONS

N/A

O. LITIGATION

1. The Bayou D'Arbonne Lake Watershed 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>
Prior to January 1, 1997	Suit filed by widow of lake drowning victim	State Attorney General	Unspecified	Unknown

**STATE OF LOUISIANA
 BAYOU LAKE D'ARBONNE LAKE WATERSHED DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2000**

<u>Date of Action</u>	<u>Description of Litigation</u>	<u>Primary Attorney</u>	<u>Damages Claimed</u>	<u>Insurance Coverage</u>
June 1992	Claim of damages resulting from boating accident	State Attorney General	Unspecified	Unknown

The Bayou D'Arbonne Lake Watershed District's legal advisor is unable to estimate the effect on the financial statements of potential claims not covered by insurance.

2. No costs resulting from claims and litigation were incurred in the current year.

P. RELATED PARTY TRANSACTIONS

N/A

Q. ACCOUNTING CHANGES

N/A

R. FUND DEFICITS

N/A

S. FUND BALANCE/RETAINED EARNINGS DISCLOSURES

N/A

T. IN-KIND CONTRIBUTIONS

N/A

U. CONTRIBUTED CAPITAL

N/A

V. DEFEASED ISSUES

N/A

W. SUBSEQUENT EVENTS

N/A

STATE OF LOUISIANA
BAYOU D'ARBONNE LAKE WATERSHED DISTRICT
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended December 31, 2000

NON-APPLICABLE (N/A)

SCHEDULE 1

STATE OF LOUISIANA
BAYOU D'ARBONNE LAKE WATERSHED DISTRICT
SCHEDULE OF STATE FUNDING
For the Year Ended December 31, 2000

Description of Funding	Amount
Department of Transportation and Development -	
State Project No. 505-56-0031	<u>\$3,090</u>
Total	<u>\$3,090</u>

SCHEDULE 2

STATE OF LOUISIANA
BAYOU D'ARBONNE LAKE WATERSHED DISTRICT
SCHEDULE OF EXPENDITURES BY OBJECT
For the Year Ended December 31, 2000

	<u>Amount</u>
Operating services	\$8,454
Supplies	235
Other charges	<u>21,314</u>
Total	<u>\$30,003</u>

SCHEDULE 3

STATE OF LOUISIANA
BAYOU D'ARBONNE LAKE WATERSHED DISTRICT
SEGMENT INFORMATION
For the Year Ended December 31, 2000

NON-APPLICABLE (N/A)

SCHEDULE 4

Independent Auditor's Report
Required by *Government Auditing Standards*

The following independent auditor's report on compliance and internal control over financial reporting are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • TELEPHONE 318/644-5726

**Independent Auditor's Report on Compliance and on
Internal Control Over Financial Reporting
Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

BOARD OF COMMISSIONERS
BAYOU D'ARBONNE LAKE
WATERSHED DISTRICT
Ruston, Louisiana

I have audited the general purpose financial statements of Bayou D'Arbonne Lake Watershed District, a component unit of the State of Louisiana, as of December 31, 2000, and for each of the years in the two year period then ended, and have issued my report thereon dated April 19, 2001. I conducted my 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*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

Compliance

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

Internal Control Over Financial Reporting


In planning and performing my audit, I considered Bayou D'Arbonne Lake Watershed District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be *material weaknesses*. A *material weakness* is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements

BOARD OF COMMISSIONERS
BAYOU D'ARBONNE LAKE
WATERSHED DISTRICT
Ruston, Louisiana

Independent Auditor's Report
on Compliance and on
Internal Control, etc.,
December 31, 2000

in amounts that would be material in relation to the general purpose 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information of the board of commissioners of Bayou D'Arbonne Lake Watershed District, and other interested state and federal agencies and is not intended to be and should not be used by anyone other than these specified parties.


Calhoun, Louisiana
April 20, 2001