

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED
DECEMBER 31, 2008**

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 8/5/09

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

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Hulse, Harwood & Co.
A Professional Accounting Corporation

Certified Public Accountants

Independent Accountant's Report

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

We have reviewed the accompanying financial statements of the business-type activities of Bayou D'Arbonne Lake Watershed District (BTA), a component unit of the State of Louisiana, as of and for the year ended December 31, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Bayou D'Arbonne Lake Watershed District.

A review consists principally of inquiries of Entity personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The management's discussion and analysis, listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

The Schedule of Per Diem Paid to Board Members and the Division of Administration, Office of Statewide Reporting and Accounting Policy (OSRAP), Annual Fiscal Report, are presented for purposes of additional analysis as required by state law and are not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the financial statements, and we are not aware of any material modifications that should be made thereto.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated June 30, 2009, on the results of our agreed-upon procedures.

HULSEY, HARWOOD & CO., CPAs
A Professional Accounting Corporation

Hulse, Harwood & Co.

June 30, 2009



Hulsey, Harwood & Co.
A Professional Accounting Corporation

Certified Public Accountants

Independent Accountant's Report
on Applying Agreed-Upon Procedures

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

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Bayou D'Arbonne Lake Watershed District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Bayou D'Arbonne Lake Watershed District's compliance with certain laws and regulations during the year ended December 31, 2008, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with 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 the 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.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no materials and supplies expenditures exceeding \$20,000 or public works expenditures exceeding \$100,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information. The District has no employees.

3. Obtain from management a listing of all employees paid during the period under examination.

The District has no employees.

Bayou D'Arbonne Lake Watershed District
State of Louisiana
Independent Accountant's Report on
Applying Agreed-Upon Procedures, 2008

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

The District has no employees.

Budgeting

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

The District is not required to adopt a budget as the District is a component unit of the state. However, the Board does adopt an operating budget.

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

We traced the adoption of the original budget to the minutes of a meeting held on January 21, 2008, which indicated that the budget had been adopted by a unanimous vote of the commissioners. We traced the amendment to the minutes of a meeting held on April 21, 2008.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5 % or more or if actual expenditures exceed budgeted amounts by 5% or more.

We compared the revenues and expenses of the final budget to actual revenues and expenses. Actual revenues and expenses were adjusted to include grant revenues and expenses that the District does not record in its accounting system. Since the District does not budget grant revenues and expenses, the adjusted revenues exceed the budgeted amounts by \$369,527. Excluding grant revenues, actual revenues exceeded budgeted revenues by \$5,866. Adjusted expenses exceeded budgeted expenses by \$345,540. Excluding grant expenses, budgeted expenses exceeded actual expenses by \$29,779.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

- a. trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- b. determine if payments were properly coded to the correct fund and general ledger account; and

Five of the payments were properly coded to the correct fund and general ledger account. One payment, check number 4050, was not recorded in the general ledger as the District does not record grant revenues and expenses.

Bayou D'Arbonne Lake Watershed District
State of Louisiana
Independent Accountant's Report on
Applying Agreed-Upon Procedures, 2008

- c. determine whether payments received approval from proper authorities.

All six disbursements were supported by checks signed by authorized board members. In accordance with District policy, the invoices supporting the two disbursements that exceeded \$500 were also signed by the board president.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Bayou D'Arbonne Lake Watershed District is only required to post a notice of each meeting and the accompanying agenda on the door of the District's office building. Although management has asserted that such documents were properly posted, we could find no evidence supporting such assertion other than unmarked copies of the agendas.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

The District has no employees. We read the minutes of the District for the year and noted no approval for such payments.

The District's prior year report, prepared by other accountants, dated June 20, 2008, did not include any comments or unresolved matters.

We were not engaged to, and did not, perform an examination, 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 the 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.

HULSEY, HARWOOD & CO., CPAs
A Professional Accounting Corporation

Hulsey, Harwood & Co.

June 30, 2009

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)**

_____ Date Transmitted)

_____ (Auditors)

In connection with your review of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations

These representations are based on the information available to us as of (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration State Purchasing Office..
Yes [] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.
Yes [] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.
Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.
Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.
Yes [] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

<u>M. J. W. Horner</u>	Secretary	<u>3/24/09</u>	Date
<u>M. J. W. Horner</u>	Treasurer	<u>3/24/09</u>	Date
<u>Steve Taylor</u>	President	<u>3/24/09</u>	Date

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

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2008**

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, 2008. 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 11.

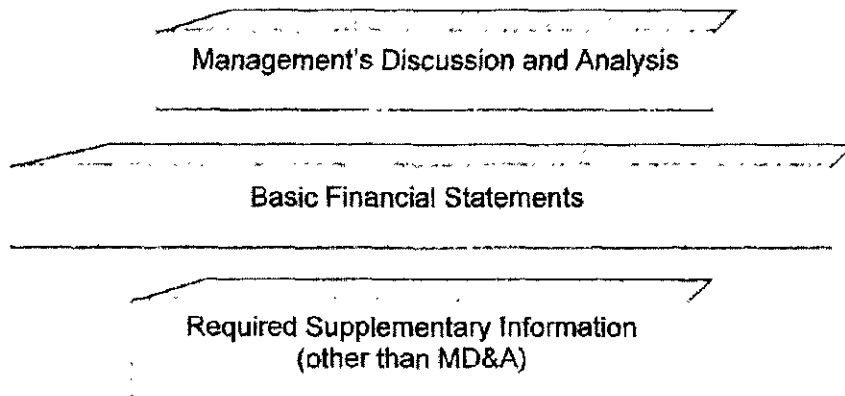
FINANCIAL HIGHLIGHTS

The Bayou D'Arbonne Lake Watershed District's (BTA) had net assets of \$130,923 and no liabilities. There was a 24% increase in assets from last fiscal year.

During the year ended December 31, 2008, the District was awarded a \$1.6 million Louisiana Department of Transportation grant for repairs to the spillway. The District expended \$348,661 during the year which is included in revenue and expenses.

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
STATE OF LOUISIANA**

**Management's Discussion and Analysis (Continued)
As of and for the Year Ended December 31, 2008**

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

	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 115,953	\$ 90,816
Capital assets, net	<u>14,970</u>	<u>14,970</u>
Total assets	<u>130,923</u>	<u>105,786</u>
 Total liabilities	 <u>-</u>	 <u>-</u>
 Net assets:		
Invested in capital assets, net of debt	14,970	14,970
Unrestricted	<u>115,953</u>	<u>90,816</u>
Total net assets	<u>\$ 130,923</u>	<u>\$ 105,786</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, 2008. Unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

Net assets of Bayou D'Arbonne Lake Watershed District's (BTA) increased by \$25,137, or 24%, from December 31, 2007, to December 31, 2008.

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

**Management's Discussion and Analysis (Continued)
As of and for the Year Ended December 31, 2008**

Statements of Revenues, Expenses, and Changes in Fund Net Assets

	<u>2008</u>	<u>2007</u>
Program revenues:		
Operating grants and contributions	\$ 366,836	\$ 28,272
General revenues:		
Other taxes	49,175	45,399
Other	<u>2,566</u>	<u>926</u>
Total revenues	<u>418,577</u>	<u>74,597</u>
Expenses:		
Water conservation	<u>393,440</u>	<u>49,229</u>
Total expenses	<u>393,440</u>	<u>49,229</u>
Change in net assets	25,137	25,368
Net assets at beginning of year	<u>105,786</u>	<u>80,418</u>
Net assets at end of year	<u>\$ 130,923</u>	<u>\$105,786</u>

As mentioned above, due to a DOTD grant, Bayou D'Arbonne Lake Watershed District's (BTA) total revenues increased \$343,980 or 461% while the total cost of all programs and services increased by \$344,211 or 699%.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2008, 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, 2008.

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 was one minor amendment to the budget during the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2009 operating budget adopted by the Board is consistent with previous years' operating results as no significant changes are expected.

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

**Management's Discussion and Analysis (Continued)
As of and for the Year Ended December 31, 2008**

CONTACTING THE DISTRICT'S (BTA) MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and 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 Micki Horrell, Secretary-Treasurer, 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, 2008**

ASSETS

Current assets:	
Cash and cash equivalents	<u>\$ 115,953</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>14,970</u>
Total noncurrent assets	<u>14,970</u>
TOTAL ASSETS	<u><u>\$ 130,923</u></u>

LIABILITIES AND FUND NET ASSETS

Total liabilities	<u>\$ -</u>
Fund net assets:	
Invested in capital assets, net of related debt	14,970
Unrestricted	<u>115,953</u>
Total fund net assets	<u>130,923</u>
TOTAL LIABILITIES AND FUND NET ASSETS	<u><u>\$ 130,923</u></u>

See accompanying notes and accountant's report.

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

Statement B

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2008

Operating revenues:	
Charges for services	\$ -
Total operating revenues	<u>-</u>
Operating expenses:	
Cost of services	10,965
Administration	3,123
Depreciation	-
Special projects	379,352
Total operating expenses	<u>393,440</u>
Operating income (loss)	<u>(393,440)</u>
Nonoperating revenues:	
Intergovernmental	366,836
Interest earnings	1,116
Franchise taxes	49,175
Other revenues	1,450
Total nonoperating revenues	<u>418,577</u>
Change in net assets	25,137
Net assets at beginning of year	<u>105,786</u>
Net assets at end of year	<u>\$ 130,923</u>

See accompanying notes and accountant's 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, 2008**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Water conservation	<u>\$393,440</u>	<u>\$ -</u>	<u>\$ 366,836</u>	<u>\$ (26,604)</u>
General revenues:				
				49,175
				1,116
				1,450
				<u>51,741</u>
				<u>25,137</u>
				<u>105,786</u>
				<u>\$ 130,923</u>

See accompanying notes and accountant's 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, 2008**

Cash flows from operating activities:	
Payments to suppliers and contractors	\$ (393,440)
Net cash provided (used) by operating activities	(393,440)
Cash flows from noncapital financing activities:	
Taxes	49,175
State grants	348,661
Local grants	18,175
Other receipts	1,450
Net cash provided (used) by noncapital and related financing activities	417,461
Cash flows from capital and related financing activities:	
Net cash provided (used) by capital and related financing activities	-
Cash flows from investing activities:	
Interest and dividends received	1,116
Net cash provided (used) by investing activities	1,116
Net increase (decrease) in cash and cash equivalents	25,137
Cash and cash equivalents, beginning of year (including amounts in restricted accounts)	90,816
Cash and cash equivalents, end of year (including amounts in restricted accounts)	\$ 115,953
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (393,440)
Adjustments to reconcile operating income to cash provided (used) by operating activities	-
Net cash provided (used) by operating activities	\$ (393,440)
Noncash investing, capital and financing activities:	
None	

See accompanying notes and accountant's 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, 2008**

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. The Bayou D'Arbonne Lake Watershed District is a component unit of the State of Louisiana.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2008**

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 within 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 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, 2008**

The deposits at December 31, 2008, consisted of the following:

	<u>Cash</u>	<u>Nonnegotiable Certificates of Deposit</u>	<u>Other</u>	<u>Total</u>
Balance per agency books	\$ 115,953	\$ -	\$ -	\$ 115,953
Deposits in bank accounts per bank	<u>\$ 115,953</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,953</u>
Bank balances of deposits exposed to custodial credit risk:				
Deposits not insured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deposits not insured and collateralized with securities held by the pledging institution	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deposits not insured and collateralized with securities held by the pledging institution's trust department or agency but not in the entity's name	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
Marion State Bank	Water Conservation	<u>\$ 115,953</u>

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, 2008, 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. COMMITMENT

On August 29, 2008, the District awarded a \$1,205,900 contract for repairs to the spillway to be funded by a Louisiana Department of Transportation and Development grant. As of December 31, 2008, the District had incurred expenses of \$50,899 under the contract.

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

**SUMMARY SCHEDULE OF PRIOR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

No findings were reported in the prior year.



Hulsey, Harwood & Co.
A Professional Accounting Corporation

Certified Public Accountants

Management Letter

Bayou D'Arbonne Lake Watershed District
Ruston, Louisiana

In planning and performing our review of the financial statements of Bayou D'Arbonne Lake Watershed District (BTA) (the District), Louisiana, as of and for the year ended December 31, 2008, we noted a certain matter that is presented for your consideration. This letter does not affect our report dated June 30, 2009, on the basic financial statements of the Bayou D'Arbonne Lake Watershed District, Louisiana. We will review the status of these comments during our next engagement. Our comments and recommendations, which have been discussed with appropriate members of management, are intended to result in improved operating efficiency. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

ML 2008-1 Bookkeeping and Financial Records

Comment

The District maintains two financial records in Excel spreadsheets: 1) a summary of bank activity excluding grant receipts and disbursements compared to the operating budget, and 2) a cash flow schedule including the grant receipts and disbursements and a summary of special projects. Neither of these workpapers presents details of transactions that were combined to arrive at the totals. The summary of bank activity was utilized as the trial balance for financial statement purposes.

A proper set of books generally consists of at least a general journal, a cash journal, a general ledger, and a trial balance. Such a system provides a trail whereby a user can readily determine which transactions were combined to arrive at each total on the trial balance. The basis of accounting may be cash or accrual. The District is maintaining records on the cash basis. However, the cutoff is based on when transactions clear the bank rather than when deposits are made and checks are issued. Therefore, the accounting records may not be complete at year-end.

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

Management Letter

As of and for the Year Ended December 31, 2008

Page Two

Recommendation

We recommend that the District utilize a more detailed spreadsheet system or utilize a simple computer software program such as QuickBooks. We have provided an example spreadsheet for convenience.

We further recommend that all revenues and expenses be recorded and that the ending cash balance be reconciled to the bank statement at the end of each month. We have provided an Excel form for convenience. Alternatively, a computer software program or the form on the back of the bank statement may be used.

Management's Response

We will follow the accountant's recommendations.

Our review procedures are not designed to enable us to form opinions on the basic financial statements or internal control, and, therefore, may not reveal all weaknesses in policies and procedures that may exist.

This report 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 intended use of this report may be limited, under Louisiana Revised Statute 24:513, it is issued by the Legislative Auditor as a public document.

HULSEY, HARWOOD & CO., CPAs
A Professional Accounting Corporation

Hulsey, Harwood & Co.

June 30, 2009

**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, 2008**

Steve Cagle, President	\$ -
Neal Walpole, Vice President	-
Micki Horrell, Secretary-Treasurer	-
Willie Hendricks	-
Rick Holht	-
Noel James	-
John O'Neal	-
Jack Rivers	-
Bill Roark	-
Willie Sensley, Jr.	-
Total	<u>\$ -</u>

See accountant's 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, 2008**

There were no such payments.

See accountant's report

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

FOR THE YEAR ENDED DECEMBER 31, 2008

Bayou D'Arbonne Lake Watershed District
STATE OF LOUISIANA
Annual Financial Statements
December 31, 2008

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AFFIDAVIT

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MD&A

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Statement of Activities	C
Statement of Cash Flows	D

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Schedules

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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)

BAYOU D'ARBONNE LAKE WATERSHED DISTRICT

P.O. Box 696
Farmerville, LA 71241

DATE 6-30-09

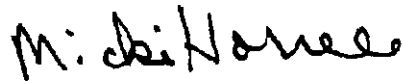
Division of Administration, OSRAP
Post Office Box 94095
Baton Rouge, Louisiana 70804-9095

Re: Bayou D'Arbonne Lake Watershed District
Annual Report for the Year Ended December 31, 2008

Please find enclosed the District's annual report as of and for the year ended December 31, 2008.

Please let us know if you have any questions.

Respectfully,



Micki Horrell, Secretary-Treasurer

Enclosure

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending December 31, 2008

**Bayou D'Arbonne Lake Watershed District
P.O. Box 1613
Ruston, Louisiana 71273**

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

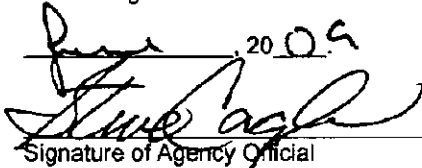
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

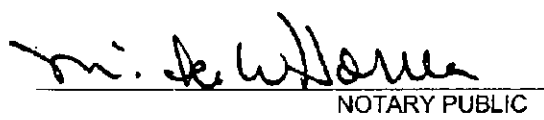
Physical Address:
1201 N. Third Street
Claiborne Building, 6th Floor, Suite 6-130
70802
Baton Rouge, Louisiana 70802

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

AFFIDAVIT

Personally came and appeared before the undersigned authority, _____ (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, 2008 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 30th day of

June, 2009

Signature of Agency Official


NOTARY PUBLIC

Prepared by: _____
Title: President
Telephone No.: _____
Date: _____

Micki W Horrell, Notary Public
In and for Union Parish, Louisiana
Commission Expires at Death
Notary ID # 60537

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

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2008**

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, 2008. 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 11.

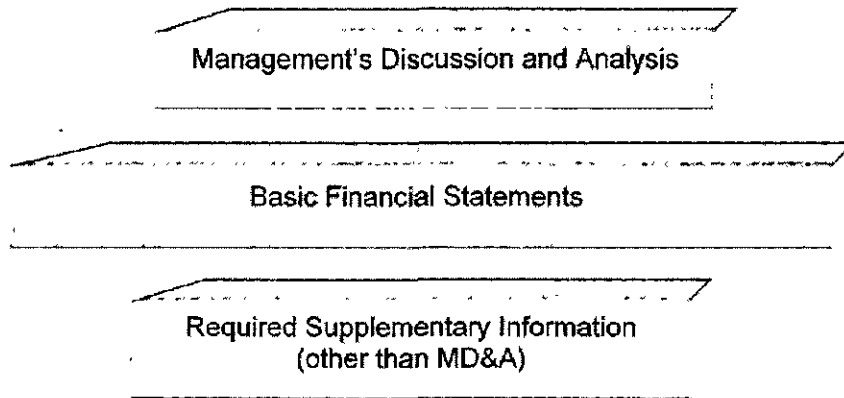
FINANCIAL HIGHLIGHTS

The Bayou D'Arbonne Lake Watershed District's (BTA) had net assets of \$130,923 and no liabilities. There was a 24% increase in assets from last fiscal year.

During the year ended December 31, 2008, the District was awarded a \$1.6 million Louisiana Department of Transportation grant for repairs to the spillway. The District expended \$348,661 during the year which is included in revenue and expenses.

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
STATE OF LOUISIANA**

**Management's Discussion and Analysis (Continued)
As of and for the Year Ended December 31, 2008**

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

	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 115,953	\$ 90,816
Capital assets, net	<u>14,970</u>	<u>14,970</u>
Total assets	<u>130,923</u>	<u>105,786</u>
Total liabilities	<u>-</u>	<u>-</u>
Net assets:		
Invested in capital assets, net of debt	14,970	14,970
Unrestricted	<u>115,953</u>	<u>90,816</u>
Total net assets	<u>\$ 130,923</u>	<u>\$ 105,786</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, 2008. Unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

Net assets of Bayou D'Arbonne Lake Watershed District's (BTA) increased by \$25,137, or 24%, from December 31, 2007, to December 31, 2008.

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

**Management's Discussion and Analysis (Continued)
As of and for the Year Ended December 31, 2008**

Statements of Revenues, Expenses, and Changes in Fund Net Assets

	<u>2008</u>	<u>2007</u>
Program revenues:		
Operating grants and contributions	\$ 366,836	\$ 28,272
General revenues:		
Other taxes	49,175	45,399
Other	<u>2,566</u>	<u>926</u>
Total revenues	<u>418,577</u>	<u>74,597</u>
Expenses:		
Water conservation	<u>393,440</u>	49,229
Total expenses	<u>393,440</u>	<u>49,229</u>
Change in net assets	25,137	25,368
Net assets at beginning of year	<u>105,786</u>	80,418
Net assets at end of year	<u>\$ 130,923</u>	<u>\$105,786</u>

As mentioned above, due to a DOTD grant, Bayou D'Arbonne Lake Watershed District's (BTA) total revenues increased \$343,980 or 461% while the total cost of all programs and services increased by \$344,211 or 699%.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2008, 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, 2008.

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 was one minor amendment to the budget during the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2009 operating budget adopted by the Board is consistent with previous years' operating results as no significant changes are expected.

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

**Management's Discussion and Analysis (Continued)
As of and for the Year Ended December 31, 2008**

CONTACTING THE DISTRICT'S (BTA) MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and 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 Micki Horrell, Secretary-Treasurer, 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, 2008**

ASSETS

Current assets:	
Cash and cash equivalents	<u>\$ 115,953</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>14,970</u>
Total noncurrent assets	<u>14,970</u>
TOTAL ASSETS	<u>\$ 130,923</u>

LIABILITIES AND FUND NET ASSETS

Total liabilities	<u>\$ -</u>
Fund net assets:	
Invested in capital assets, net of related debt	14,970
Unrestricted	<u>115,953</u>
Total fund net assets	<u>130,923</u>
TOTAL LIABILITIES AND FUND NET ASSETS	<u>\$ 130,923</u>

See accompanying notes.

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

Statement B

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2008**

Operating revenues:	
Charges for services	<u>\$ -</u>
Total operating revenues	<u>-</u>
Operating expenses:	
Cost of services	10,965
Administration	3,123
Depreciation	-
Special projects	<u>379,352</u>
Total operating expenses	<u>393,440</u>
Operating income (loss)	<u>(393,440)</u>
Nonoperating revenues:	
Intergovernmental	366,836
Interest earnings	1,116
Franchise taxes	49,175
Other revenues	<u>1,450</u>
Total nonoperating revenues	<u>418,577</u>
Change in net assets	25,137
Net assets at beginning of year	<u>105,786</u>
Net assets at end of year	<u><u>\$ 130,923</u></u>

See accompanying notes.

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

Statement C

**STATEMENT OF ACTIVITIES
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2008**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Water conservation	<u>\$393,440</u>	<u>\$ -</u>	<u>\$ 366,836</u>	<u>\$ (26,604)</u>
General revenues:				
Franchise taxes				49,175
Unrestricted investment earnings				1,116
Other				<u>1,450</u>
Total general revenues and transfers				<u>51,741</u>
Change in net assets				<u>25,137</u>
Net assets at beginning of year				<u>105,786</u>
Net assets at end of year				<u><u>\$ 130,923</u></u>

See accompanying notes.

**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, 2008**

Cash flows from operating activities:	
Payments to suppliers and contractors	\$ (393,440)
Net cash provided (used) by operating activities	(393,440)
Cash flows from noncapital financing activities:	
Taxes	49,175
State grants	348,661
Local grants	18,175
Other receipts	1,450
Net cash provided (used) by noncapital and related financing activities	417,461
Cash flows from capital and related financing activities:	
Net cash provided (used) by capital and related financing activities	-
Cash flows from investing activities:	
Interest and dividends received	1,116
Net cash provided (used) by investing activities	1,116
Net increase (decrease) in cash and cash equivalents	25,137
Cash and cash equivalents, beginning of year (including amounts in restricted accounts)	90,816
Cash and cash equivalents, end of year (including amounts in restricted accounts)	\$ 115,953
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (393,440)
Adjustments to reconcile operating income to cash provided (used) by operating activities	-
Net cash provided (used) by operating activities	\$ (393,440)
Noncash investing, capital and financing activities:	
None	

See accompanying notes

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2008**

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. The Bayou D'Arbonne Lake Watershed District is a component unit of the State of Louisiana.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2008**

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, 2008**

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

I. Deposits with financial institutions (Continued)

The deposits at December 31, 2008, consisted of the following:

	<u>Cash</u>	<u>Nonnegotiable Certificates of Deposit</u>	<u>Other</u>	<u>Total</u>
Balance per agency books	\$ 115,953	\$ -	\$ -	\$ 115,953
Deposits in bank accounts per bank	\$ 115,953	\$ -	\$ -	\$ 115,953
Bank balances of deposits exposed to custodial credit risk:				
Deposits not insured and uncollateralized	\$ -	\$ -	\$ -	\$ -
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>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
Marion State Bank	Water Conservation	\$ 115,953

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, 2008, 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.

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2008**

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, 2008.

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, 2008**

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, 2008**

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 August 29, 2008, the District awarded a \$1,205,900 contract for repairs to the spillway to be funded by a Louisiana Department of Transportation and Development grant. As of December 31, 2008, the District had incurred expenses of \$50,899 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, 2008**

Steve Cagle, President	\$ -
Neal Walpole, Vice President	-
Micki Horrell, Secretary-Treasurer	-
Willie Hendricks	-
Rick Holht	-
Noel James	-
John O'Neal	-
Jack Rivers	-
Bill Roark	-
Willie Sensley, Jr.	-
Total	<u>\$ -</u>

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

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

**COMPARISON FIGURES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	2008	2007	Difference	Percentage Change
Revenues	\$ 418,577	\$ 74,597	\$343,980	461%
Expenses	\$ 393,440	\$ 49,229	\$344,211	699%
Capital assets	\$ 14,970	\$ 14,970	\$ -	0%
Long-term debt	\$ -	\$ -	\$ -	0%
Net assets	\$ 130,923	\$105,786	\$ 25,137	24%

Explanation for change: Not required