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**AMITE RIVER BASIN
DRAINAGE AND WATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA**

**Financial Report
As of and for the Year Ended
June 30, 2014**

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 OCT 22 2014

**AMITE RIVER BASIN DRAINAGE
AND WATER CONSERVATION DISTRICT
Financial Report
As of and for the Year Ended
June 30, 2014**

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FINANCIAL SECTION

John L. McKowen
Certified Public Accountant

2178 Myrtle Avenue
Baton Rouge, Louisiana 70806

Office (225) 615-7844
Fax (225) 344-5439
jlmckowen@cox.net

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Amite River Basin Drainage and
Water Conservation District
Baton Rouge, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Amite River Basin Drainage and Water Conservation District (the District), a component unit of the State of Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Member

American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Amite River Basin Drainage and Water Conservation District as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on pages 6-15 and 41 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements is required by the Governmental Accounting Standards Board, who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

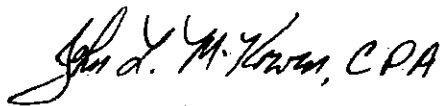
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Per Diem Paid to Commission Members and the Schedule of Professional Service Payments on pages 43 and 44 are presented for purposes of additional analysis and are not part of the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated September 22, 2014, on my consideration of the Amite River Basin Drainage and Water Conservation District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on

compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Amite River Basin Drainage and Water Conservation District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "John L. McKowen, CPA". The signature is written in a cursive style with a large initial "J".

John L. McKowen, CPA

Baton Rouge, Louisiana
September 22, 2014

REQUIRED SUPPLEMENTARY INFORMATION
(PART 1 OF 2)

**AMITE RIVER BASIN DRAINAGE
AND WATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

The purpose of this section is to offer management's discussion and analysis of the Amite River Basin Drainage and Water Conservation District of the State of Louisiana's (hereafter referred to as the District) financial performance during the year ended June 30, 2014. It should be read in conjunction with the financial report taken as a whole. The District was created by Act of Legislature in 1981 for the purpose of addressing regional flooding problems in the Amite River Basin.

Highlights of the District as a Whole

- **History**

The Amite River and its tributary the Comite River are the major causes of catastrophic flooding in the Baton Rouge Metropolitan Area. The flood of record occurred in 1983 when a substantial portion of East Baton Rouge, Livingston and Ascension Parishes were inundated. This precipitated an interest and action on the part of federal, state and local authorities to find solutions to this problem. It was recognized that major floods caused by the Amite and Comite Rivers could not be solved locally and that it required a basin wide/regional solution. This resulted in a series of studies by the U.S. Army Corps of Engineers (USACE) under the congressionally approved Amite River & Tributaries Study Authority, and the Comite River Diversion Canal Project evolved through this process.

- **Scope**

One project evolved through this planning process and was authorized for construction by Congress. The authorized Project provided for the construction of a 12 mile long diversion channel from the Comite River to the Mississippi River located between the Cities of Baker and Zachary.

- **Purpose**

The purpose of the Comite River Diversion Canal Project is to divert flood waters from the Upper Comite River to the Mississippi River. At its maximum capacity the project will divert 20,000 cubic feet per second by gravity flow. This represents approximately 50% of the flood waters from the upper Comite River, substantially reducing flood stages along the lower Comite and Amite River.

- **Sponsors**

Federal: US Army Corps of Engineers (USACE)
Non-Federal: State: Louisiana Department of Transportation & Development (DOTD)
Local: Amite River Basin Drainage and Water Conservation District
(THE DISTRICT)
City/Parish of East Baton Rouge

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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The sponsors entered into a Project Cooperation Agreement ("PCA") in October of 2001. Initially, DOTD was responsible for the acquisition of all Lands, Easements, Right of way, Relocations and Disposal Areas ("LERRD's"). In addition, the non-federal sponsor is responsible to fund 5% of the total construction costs of the Project. East Baton Rouge Parish is responsible for the maintenance of the Canal once it is completed. The District, as a member of the Project Coordinating Team, participates in the Project management and is also responsible for development of floodplain management and reporting to the citizens concerning this issue.

In July 2001, the District entered into a Cooperative Endeavor Agreement ("CEA") with DOTD to advance a minimum of \$6,000,000 over a ten-year period. The CEA further provided that the District would not pledge any of the tax revenues for any purpose other than a portion of the cost for lands, easements, right-of-ways, relocations and disposal areas (LERRD's) and costs for the operation of the commission. At the time, the District estimated approximately \$8 million of total tax revenues would be collected over a ten-year period. A portion of the tax revenues is used to support the District's mission concerning the administration of the Project. In 2002, DOTD and the District agreed to further modify the agreement so that the District, rather than DOTD, would take title to all property. In 2005, THE DISTRICT and DOTD amended the CEA to allow for the District tax funds in excess of \$6,000,000 to be transferred to DOTD for LERRD'S acquisitions at the sole discretion of the District.

On September 18, 2012, DOTD and the District entered into a Second Amended Cooperative Endeavor Agreement. The Second Amended CEA establishes the terms and responsibilities through which LA DOTD and the District shall acquire all LERRDs, as may be determined by Government to be necessary for construction, operation and maintenance of the Project, as directed by the PCA. The District shall contract and retain a professional services contract through a Request for Qualifications to perform certain services including Right of Entry, GIS Mapping, Surveys, Title Take Off, Title Reports, Title Updates, Title Opinions and/or Title Policies, Appraisals, Appraisal Reviews, and Right of Way Acquisitions and Relocations. It will be a joint responsibility of DOTD and the District to fulfill the LERRDs requirements of the Project in accordance with USACE standards and procedures. Based upon present funds available, DOTD and the District shall each be liable for its obligation under this Agreement for 50% of LERRDs. Said percentage will be re-evaluated each fiscal year based upon available funds. Each party shall be responsible for their own administrative costs.

- **Project Cost:**

In 2000, the total project cost estimate was \$152,000,000. The present total cost estimate according to the USACE is \$195,000,000. The non-federal sponsors must acquire all property necessary for the USACE to construct the Canal.

- **Source of Funds:**

Federal: US Army Corps of Engineers (USACE).

Federal funds are obtained through appropriations through Congress. The determination as to whether funds for this Project are included in the federal budget is based upon the Benefit/Cost

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("B/C") Ratio. Funding will be dependent upon available federal funds. Federal funds are used for construction only. No federal funds are used for right-of-way acquisitions, utility relocations and other pre-construction costs. (LERRD's)

Non-Federal Funds: The non-federal sponsors for construction of the project are the DOTD and the District. State funds are obtained through annual appropriations through the State Capital Outlay Program and the District funds are obtained through an Ad-Valorem tax of properties located within the benefit area of the project (Taxing District). In July of 2000 the citizens of the Taxing District approved a 10-year, 3 mill Ad-Valorem tax to provide for a portion of the non-federal match. In October of 2010 the citizens of the Taxing District voted to renew a 10 year, 2.65 mills drainage tax for the purpose of providing revenues to carry out the District's local share of the Comite Diversion Canal Project. The estimated revenue from the present millage is \$2.4 million a year.

- **Construction Progress to Date**

Construction of the Lilly Bayou Control Structure and the 1-mile pilot channel has been completed. This is the largest structure of the project. The total costs are in excess of \$30 million. In 2011, the non-federal sponsors terminated their agreement with the USACE to acquire LERRD's for the Project. At the time of the termination of this agreement, the USACE had only acquired 75 acres for mitigation.

USACE continues with design of the bridge at U.S. Highway 61, KSC Railroad bridge. Centerline survey has been completed and soil borings are underway by the USACE contractors. Brooks Lake Closure has been identified as the next construction feature to be performed by the USACE. Consultant has identified all property owners in the location of Brooks Lake. The District has directed the consultant to start the HTRW (environmental) reports and title commitments on all tracts necessary for Phase 1 construction. Title commitments have been completed on the two major property owners. The HTRW are at various levels of completion at this time.

- **Mitigation**

On October 1, 2001, a Project Cooperative Agreement (PCA) was signed between the sponsors to begin the construction of the Project. Under the PCA, DOTD, as the non-federal participant, is obligated to fund the purchase of all lands necessary for the construction of the canal including all mitigation lands. In 2002, USACE, the District and DOTD entered into an agreement to have the District hold title to the property rather than DOTD. This was done due to statutory limitations of DOTD to acquire property in its name for the canal. This agreement was signed between DOTD and the District, whereby the District has taken on the responsibility of acquiring all canal and mitigation lands. The ability of THE DISTRICT to purchase mitigation land is restricted to only those lands as defined within the area designated in the Environmental Assessment. The original Environmental Assessment report determined that approximately 1770 acres must be purchased out of a defined possible mitigation area of 2400 acres set forth in the report.

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During the 2010 Regular Louisiana Legislative Session, Act 734 was passed. Act 734 prohibits the District's use of expropriation of private property for the purpose of compensatory mitigation of wetlands or other natural habitat, and thereby restricts the ability of the District to acquire property for mitigation. The District has contacted all property owners in the designated mitigation area to determine the universe of possible willing sellers. As of March 12, 2012, only 66 property owners representing 586 acres have responded to the District's letters.

The District proposed a legislative amendment, which was passed, which now allows expropriation for mitigation where at least seventy-five percent of the owners have voluntarily offered the property, or property where the record or apparent owner has voluntarily offered the property but does not have clear title. La. R.S. 49: 214.6.3.

The District is actively working to acquire mitigation property along the Comite River and the McHugh Swamp area, and Profit Island. Letters of interest have been sent to all property owners in the McHugh Swamp area.

- **Pending Matters**

Over the past year the District has attempted to identify potential "willing sellers" within the designated mitigation area. However, there are not enough "willing sellers" to acquire the 1720 acres within the 2,500 acre mitigation area. The District believes that there are other suitable mitigation areas that could be obtained to satisfy the District's obligations under the agreements with the USACE. The District requested that the mitigation area be expanded or moved. The USACE agreed to evaluate other potential locations for mitigation. The USACE issued a notice of a new Environmental Assessment ("EA") on June 15, 2012. The draft E.A. was issued and two additional areas were considered for possible mitigation sites. Profit Island and the McHugh Swamp were evaluated by the USACE. The USACE determined that these sites can be used for mitigation purposes. Based upon this EA, there appears to be sufficient mitigation land that would be available to resume actual construction.

- *Campbell, et al v. Board of Commissioners of the Amite River Basin Drainage and Water conservation District, et al. 19th Judicial District Court*

In November, 2010, the above referenced class action suit was filed against the Amite River Basin Drainage and Water Conservation along with the sheriffs and assessors for the parishes of East Baton Rouge, Ascension, and Livingston alleging that the Amite River Basin Drainage and Water Conservation District was limited to collecting \$6,000,000.00 from property taxpayers in the Comite River Diversion Canal Impact Area for the Comite River Diversion Canal tax. Even though the Proposition limits the collection to a 3 mill property tax, the law suit claims that the language of the Capital Outlay Bill of 2000, limits the total "local match" to \$6 Million. Because this was a new taxing district, it was not clear how much revenue would be generated by the millage. This matter is set for trial in March 2014. The millage for 2012 is presently being held by the court as a result of a concursus proceeding filed by each of the sheriffs in the District.

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A jury trial was set in district court. After eight days of testimony, the jury returned a verdict in favor of the District dismissing the plaintiff's class action. All funds that had been previously deposited in the registry of the court have been released.

- **Activities of the Commission**

1. DOTD and the District canceled the agreement with USACE. (Originally, USACE contracted to perform all of the functions of acquisition of property on behalf of DOTD.)

2. The District agrees to take on the responsibility to acquire property for canal and mitigation. DOTD and the District amended the CEA to reflect this additional role modification.

3. The District entered into contract with BKI, Commerce Title and GCR to facilitate the acquisition of property for the canal.

4. The District met with the congressional delegation and USACE HQ staff to discuss a new environmental assessment and resumption of construction.

5. The District secured Senator Vitter's support for a new EA for the mitigation areas. Thus, USACE conducted the new EA.

6. The District and its contractors secured Right of Entry (ROE) from all property owners in the new EA mitigation sites.

7. The District and its contractors assisted USACE in obtaining information on property owners and possible mitigation sites.

8. The District staff and contractor participated in bi-weekly PDT meetings with the USACE to discuss progress of all issues.

9. DOTD contracted to assist in the acquisition of property. DOTD identified 17 properties that could be acquired in advance of final taking lines.

10. At the time of the termination of the DOTD agreement with the USACE, several properties were ready for purchase. The District acquired Tracts 479, 473 & 476 in the name of the District.

11. The District and its contractors continue identifying additional possible mitigation sites.

12. The District counsel sought modification of Act 734, 2010 regular session. The Legislature amended the law to allow the use of expropriation from willing sellers when the property is subject to title issues or missing heirs.

13. The District issued bids for a hunting lease and awarded the hunting lease for Lilly Bayou Drop Structure property.

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14. The District's counsel obtained legislative approval for the issuance of rules to allow for the formal expropriation and/or acquisition of property.

15. The District contracted to secure temporary and/or permanent access to the Lilly Bayou Drop Structure from Irene Road.

16. The District hired Mike DeFélice to provide the appraisal report for Profit Island and the McMahon Property.

17. The District hired Roberto Aguilar as the review appraiser in connection with Profit Island.

18. Because of the extensive amount of property now owned by the District, a ground maintenance program was developed, and a contract for grass cutting landscape maintenance was executed.

19. The District executed a contract for the purchase of borrow and fill material located at the Lilly Bayou Borrow Site.

20. The District has been in negotiations with KCS Crossing to obtain an extension of the crossing agreement in order to access the Lilly Bayou site. The District is awaiting approval of the crossing agreement.

21. The District has made just compensation offers to the McMahon Estate for property for mitigation purposes.

22. USACE has continued to provide engineering services for the Brooks Lake Closure for possible construction. USACE provides engineering service for the Highway 61 bridge and railroad bridge.

23. The District and DOTD have acquired Tracts 1, 8, 9, 14, & 16 through the advance acquisition program. These properties will be necessary for the construction of Phase 1 of the project.

24. The District has made solicitations to property owners in McHugh Swamp for the possible purchase of mitigation and canal right of way. The District is actively moving to acquire these properties.

25. The District and the Profit Island owners have agreed to proceed on an amicable expropriation to resolve surface rights issues.

26. The District is presently engaged in discussions with the Nature Conservancy regarding future operation and maintenance of mitigation lands on Profit Island.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Overview of the Financial Statement Presentation

These financial statements are comprised of three components – (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. There is also other supplemental information contained in this report provided for additional information.

Government-wide Financial Statements. The government-wide financial statements present financial information for all activities of the District from an economic resource measurement focus using the accrual basis of accounting. These provide both short-term and long-term information about the District's overall financial status. They include a statement of net assets and statement of activities.

Statement of Net Position. This statement presents assets, deferred outflows of resources, liabilities, and deferred inflows of resources separately. The difference between assets plus deferred outflows and liabilities and deferred inflows is net position, which may provide a useful indicator of whether the financial position of the District is improving or not.

Statement of Activities. This statement presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is designed to show the District's financial reliance on general revenues.

The government-wide financial statements can be found on pages 17-18 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only one category of funds: governmental funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements except that the focus with fund statements is to provide a distinct view of the District's governmental funds only. These statements report short-term fiscal accountability emphasizing the use of spendable resources during the year and balances of spendable resources available at the end of the year.

Because the view of governmental funds is short-term and the view of the government-wide financial statements is long-term, it is useful to compare these two perspectives. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provides reconciliation to the government-wide statements to assist in understanding the differences between the two viewpoints.

Governmental funds of the District include a general fund, and a capital projects fund. The fund financial statements begin on page 20.

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Budgetary comparison schedules are included for governmental funds under required supplemental information – part 2 of 2. These schedules indicate the District's compliance with its adopted and final revised budgets and begin on page 41.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The index of the notes is found on page 27 with the actual notes beginning immediately afterwards.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain other information that is deemed useful to readers of this report.

Financial Analysis of the District

Net assets are an indicator of the District's financial position from year to year. A summary of net assets follows.

**STATEMENT OF NET POSITION
Governmental Activities**

	<u>2014</u>	<u>2013</u>
Assets		
Current assets	\$ 814,298	\$ 761,337
Restricted assets	12,866,451	11,444,427
Capital assets, net	7,913,246	7,381,662
Total Assets	<u>21,593,995</u>	<u>19,587,426</u>
Liabilities		
Current liabilities	32,667	65,126
Long-term liabilities	183,567	153,969
Total Liabilities	<u>215,234</u>	<u>219,095</u>
Net Assets		
Invested in capital assets, net of related debt	7,913,246	7,381,662
Restricted	13,465,515	11,986,669
Unrestricted	-	-
Total Net Assets	<u>21,378,761</u>	<u>19,368,331</u>

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A summary of changes in net assets is as follows:

**SUMMARY OF CHANGES IN NET POSITION
Governmental Activities**

	<u>2014</u>	<u>2013</u>
Revenues		
Operating grants/contributions	\$ -	\$ -
Charges for services	128,458	242,806
General revenues:		
Property taxes	2,616,307	2,597,232
Interest earnings	<u>16,276</u>	<u>15,797</u>
Total Revenues	2,855,835	2,855,835
Expenses		
General government	<u>750,611</u>	<u>565,970</u>
Change in net assets	2,010,430	2,289,865
Net assets, beginning	<u>19,368,331</u>	<u>17,078,466</u>
Net assets, ending	<u>21,378,761</u>	<u>19,368,331</u>

Budgetary Highlights

Revenues and transfers from other funds were \$4,437 more than budgeted. Expenses were less than anticipated by \$45,283. The net result was a favorable net change in General Fund balances of \$49,756.

Capital Asset and Debt Administration

Capital Assets: The District's investment in capital assets, net of accumulated depreciation, at June 30, 2014 and 2013, was \$7,913,246 and \$7,381,662, respectively. This amount represents a net increase (including additions and deductions) of \$531,584, or 7.2% over last year.

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Capital assets at year-end are summarized as follows:

CAPITAL ASSETS		
Net of Accumulated Depreciation		
Governmental Activities		
	<u>2014</u>	<u>2013</u>
Depreciable Assets		
Furniture/equipment	\$ 3,062	\$ 4,084
Canals and drainage	<u>7,910,184</u>	<u>7,377,578</u>
Total	<u>7,913,246</u>	<u>7,381,662</u>

Long-Term Debt: Long-term debt of the District includes compensated absences at amounts of \$18,966 and \$2,018 at June 30, 2014 and 2013, respectively. There is an unfunded liability for post-employment benefits based on actuarially determined amounts in accordance with GASB No. 45 in the amount of \$163,601 and \$151,951 at June 30, 2014 and 2013, respectively.

Economic Environment and Next Year's Budget

We expect to receive adequate appropriations from the State (Capital Outlay) and federal government to continue construction as we have been receiving in the past.

The cost of the project has increased substantially since its inception in year 2001. Furthermore, land values in the vicinity of Zachary, where the proposed canal is located, have also increased substantially. This places further financial burden on the non-federal match because it is the responsibility of the non-federal sponsors, the Amite River Basin Commission and Louisiana Department of Transportation and Development, to provide the funding for land acquisitions. As a consequence of this cost increase the Amite River Basin Commission authorized the renewal of a 2.65 mills, 10-year ad valorem tax that was approved by the voters of the District on October 2, 2010.

Request for Information

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations and demonstrate the District's commitment to public accountability. Any questions or requests for additional information can be obtained by contacting Dietmar Rietschier, Executive Director, at 3535 South Sherwood Forest Boulevard, Suite 135, Baton Rouge, Louisiana 70816-2255, 225-296-4900.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

AMITE RIVER BASIN DRAINAGE AND WATER CONSERVATION DISTRICT
STATE OF LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2014 AND 2013

ASSETS	Governmental Activities	
	2013	2014
Current Assets		
Cash and cash equivalents	\$ 811,974	\$ 759,025
Accounts Receivable	-	-
Prepaid expenses	2,324	2,312
Total Current Assets	814,298	761,337
Restricted Assets		
Cash and cash equivalents/capital projects	12,843,368	8,987,692
Taxes receivable	23,083	2,456,735
Total Restricted Assets	12,866,451	11,444,427
Non-Current Assets		
Capital assets, net of accumulated depreciation:		
Furniture and equipment	3,062	4,084
Canals and drainage	7,910,184	7,377,578
Total Non-Current Assets	7,913,246	7,381,662
Total Assets	21,593,995	19,587,426
LIABILITIES		
Current Liabilities		
Accounts payable	25,562	59,647
Accrued salaries and payroll liabilities	7,105	5,479
Total Current Liabilities	32,667	65,126
Non-Current Liabilities		
Compensated absences payable	18,966	2,018
Other post-employment benefits plan payable	163,601	151,951
Total Non-Current Liabilities	182,567	153,969
Total Liabilities	215,234	219,095
NET POSITION		
Invested in capital assets, net of related debt	7,913,246	7,381,662
Restricted for capital projects	13,465,515	11,986,669
Unrestricted	-	-
Total Net Position	\$ 21,378,761	\$ 19,368,331

See Accompanying Notes and Auditors' Report

**AMITE RIVER BASIN DRAINAGE AND WATER CONSERVATION DISTRICT
STATE OF LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenues (Expenses)</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities					
General government	\$ 750,611	\$ 128,458	\$ -	\$ -	\$ (622,153)
Total Governmental Activities/Primary Government	<u>\$ 750,611</u>	<u>\$ 128,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (622,153)</u>
General Revenues					
Property taxes, levied for capital projects					\$ 2,616,307
Investment earnings					\$ 16,276
Total General Revenues					<u>\$ 2,632,583</u>
Change in Net Position					\$ 2,010,430
Net Position, beginning					<u>\$ 19,368,331</u>
Net Position, ending					<u>\$ 21,378,761</u>

See Accompanying Notes and Auditors' Report

FUND FINANCIAL STATEMENTS

AMITE RIVER BASIN DRAINAGE AND WATER CONSERVATION DISTRICT
STATE OF LOUISIANA
BALANCE SHEETS
GOVERNMENTAL FUNDS
JUNE 30, 2014 AND 2013

	2014			2013		
	<u>General</u>	<u>Capital Projects Fund</u>	<u>Total Govern- mental Funds</u>	<u>General</u>	<u>Capital Projects Fund</u>	<u>Total Govern- mental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 811,974		\$ 811,974	\$ 759,025		\$ 759,025
Accounts Receivable	-		-	-		-
Prepaid expenses	100	2,224	2,324	2,312		2,312
Restricted assets:						
Cash and cash equivalents		12,843,368	12,843,368		8,987,692	8,987,692
Taxes receivable		23,083	23,083		2,456,735	2,456,735
TOTAL ASSETS	\$ 812,074	\$ 12,868,675	\$ 13,680,749	\$ 761,337	\$ 11,444,427	\$ 12,205,764
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 16,148	\$ 9,414	\$ 25,562	\$ 16,793	\$ 42,854	\$ 59,647
Accrued salaries and payroll liability	7,105	-	7,105	5,479	-	5,479
Liabilities payable from restricted assets:			-			-
Total Liabilities	\$ 23,253	\$ 9,414	\$ 32,667	\$ 22,272	\$ 42,854	\$ 65,126

AMITE RIVER BASIN DRAINAGE AND WATER CONSERVATION DISTRICT
STATE OF LOUISIANA
BALANCE SHEETS (Continued)
GOVERNMENTAL FUNDS
JUNE 30, 2014 AND 2013

	2014			2013		
	<u>General</u>	<u>Capital Projects Fund</u>	<u>Total Govern- mental Funds</u>	<u>General</u>	<u>Capital Projects Fund</u>	<u>Total Govern- mental Funds</u>
Fund Balances:						
Nonspendable	\$ 100	\$ 2,224	\$ 2,324	\$ 2,312	\$ -	\$ 2,312
Committed						
Assigned						
For other post-employment benefits	163,601	-	163,601	-	151,951	151,951
For capital projects	-	12,857,037	12,857,037	-	11,249,622	11,249,622
Unassigned	625,120	-	625,120	736,753	-	736,753
	<hr/>					
Total Fund Balances	788,821	12,859,261	13,648,082	739,065	11,401,573	12,140,638
	<hr/>					
TOTAL LIABILITIES AND FUND BALANCES	\$ 812,074	\$ 12,868,675	\$ 13,680,749	\$ 761,337	\$ 11,444,427	\$ 12,205,764

See Accompanying Notes and Auditors' Report

**AMITE RIVER BASIN DRAINAGE AND WATER CONSERVATION DISTRICT
STATE OF LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEETS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Total Fund Balances - Total Governmental Funds	\$ 13,648,082	\$ 12,140,638
 Amounts reported for governmental activities in the Statements of Net Assets are different because:		
 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in these funds. This is the reported amount of capital assets net of accumulated depreciation.		
	7,913,246	7,381,662
 Long-term liabilities are not due and payable in the current period and, therefore, are not reported in these funds. Long- term liabilities include the following:		
Compensated absences	(18,966)	(2,018)
Other post-employment benefits plan	(163,601)	(151,951)
Bonds payable	-	-
	<hr/>	<hr/>
Total Net Position - Governmental Activities	<u>\$ 21,378,761</u>	<u>\$ 19,368,331</u>

See Accompanying Notes and Auditors' Report

**AMITE RIVER BASIN DRAINAGE AND WATER CONSERVATION DISTRICT
STATE OF LOUISIANA.
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEARS ENDED JUNE 30, 2014 AND 2013**

	2014			2013		
	<u>General</u>	<u>Capital Projects Fund</u>	<u>Total Govern- mental Funds</u>	<u>General</u>	<u>Capital Projects Fund</u>	<u>Total Govern- mental Funds</u>
REVENUES						
Property taxes	\$ -	\$ 2,616,307	\$ 2,616,307	\$ -	\$ 2,597,232	\$ 2,597,232
Charges for services	-	128,458	128,458	-	242,806	242,806
Investment earnings	4,437	11,839	16,276	10,805	4,992	15,797
Total Revenues	4,437	2,756,604	2,761,041	10,805	2,845,030	2,855,835
EXPENDITURES						
General government	273,167	447,824	720,991	280,868	271,105	551,973
Capital outlay	-	532,606	532,606	-	1,010,776	1,010,776
Total Expenditures	273,167	980,430	1,253,597	280,868	1,281,881	1,562,749
Excess (Deficiency) of Revenues over Expenditures	\$ (268,730)	\$ 1,776,174	\$ 1,507,444	\$ (270,063)	\$ 1,563,149	\$ 1,293,086

Continued

**AMITE RIVER BASIN DRAINAGE AND WATER CONSERVATION DISTRICT
STATE OF LOUISIANA
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (Continued)
GOVERNMENTAL FUNDS
YEARS ENDED JUNE 30, 2014 AND 2013**

	2014			2013		
	<u>General</u>	<u>Capital Projects Fund</u>	<u>Total Govern- mental Funds</u>	<u>General</u>	<u>Capital Projects Fund</u>	<u>Total Govern- mental Funds</u>
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	\$ 318,486	\$ -	\$ 318,486	\$ 318,486	\$ -	\$ 318,486
Transfers to other funds	-	(318,486)	(318,486)	-	(318,486)	(318,486)
Total Other Financing Sources (Uses)	<u>318,486</u>	<u>(318,486)</u>	<u>-</u>	<u>318,486</u>	<u>(318,486)</u>	<u>-</u>
Net Change in Fund Balances	49,756	1,457,688	1,507,444	48,423	1,244,663	1,293,086
Fund balances, beginning	<u>739,065</u>	<u>11,401,573</u>	<u>12,140,638</u>	<u>690,642</u>	<u>10,156,910</u>	<u>10,847,552</u>
Fund balances, ending	<u>\$ 788,821</u>	<u>\$ 12,859,261</u>	<u>\$ 13,648,082</u>	<u>\$ 739,065</u>	<u>\$ 11,401,573</u>	<u>\$ 12,140,638</u>

See Accompanying Notes and Auditors' Report

**AMITE RIVER BASIN DRAINAGE AND WATER CONSERVATION DISTRICT
STATE OF LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENTS
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Net Change in Fund Balances - Total Governmental Funds	\$ 1,507,444	\$ 1,293,086
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	531,583	1,008,670
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net change in:		
Compensated absences	(16,947)	(240)
Other post-employment benefits plan	(11,650)	(11,651)
	<hr/>	<hr/>
Change in Net Position - Governmental Activities	<u>\$ 2,010,430</u>	<u>\$ 2,289,865</u>

See Accompanying Notes and Auditors' Report

NOTES TO FINANCIAL STATEMENTS

**AMITE RIVER BASIN DRAINAGE
AND WATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA
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JUNE 30, 2014**

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**AMITE RIVER BASIN DRAINAGE
AND WATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

INTRODUCTION

The Amite River Basin Drainage and Water Conservation District is a related organization of the State of Louisiana as provided by Louisiana Revised Statute 38:3301-3309. The District serves as a multi-parish authority to accomplish flood control measures, facilitate cooperation between federal, state and local governing bodies to foster floodplain management, maintain and operate structures built under the auspices of the Amite River Basin Commission and coordinate river management within the basin. It is charged with the responsibility to establish adequate drainage, flood control and water development including, but not limited to, construction of reservoirs, diversion canals, gravity and pumped drainage systems and other flood control works. The basin includes all territory within the watershed limits of the Amite River and tributaries covering areas within the parishes of East Baton Rouge, St. Helena, East Feliciana, Livingston and those portions east of U.S. Highway 61 in Ascension and St. James Parishes.

The District is managed by a Board of Commissioners composed of 13 members that are appointed by the Governor of the State of Louisiana and serve terms concurrent with that of the Governor. Domiciled in Baton Rouge, the District is advised by the Louisiana Department of Transportation and Development. Commissioners, as authorized by Louisiana Revised Statute 38:3304, receive a per diem to attend meetings or conduct board-approved business not to exceed \$60 per day.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practice of the Amite River Basin Drainage and Water Conservation District conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity: As required by GASB Statement No. 61, *The Financial Reporting Entity – an amendment of GASB Statements No. 14 and No. 34*, the District is considered a related organization of the State of Louisiana. The accompanying financial statements present only the transactions of the Amite River Basin Drainage and Water Conservation District.

Government-wide Accounting: In accordance with Government Accounting Standards Boards Statement No. 34, the District has presented a statement of net position and statement of activities for the District as a whole. These statements include the primary government and its component units, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

**AMITE RIVER BASIN DRAINAGE
AND WATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Government-wide statements distinguish between governmental and business-type activities. Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

Eliminating Internal Activity

Interfund receivables and payable are eliminated in the statement of net position except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses, from one function to another or within the same function, is eliminated in the statement of activities. Allocated expenses are reported by the function to which they were allocated.

Capitalizing Assets

Capital assets are recorded at their historical cost, or estimated historical cost for assets where actual cost is not available and depreciated over their estimated useful lives. Infrastructure assets such as canals and bridges are also capitalized along with interest on debt incurred during construction. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are not capitalized. Straight-line depreciation is used based on the following estimated useful lives:

Furniture and equipment	5-10 years
Vehicles	5-10 years
Buildings and improvements	40 years

Program Revenues

The Statement of Activities presents three categories of program revenues – (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the District. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are reserved for a specific use.

Indirect Expenses

Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the District has chosen not to do so.

**AMITE RIVER BASIN DRAINAGE
AND WATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Operating/Non-Operating Revenues

Proprietary funds separately report operating and non-operating revenues.

Reserved Net position

Reserved net position is that for which a constraint has been imposed either externally or by law. The District recognized the use of reserved resources for expenditures that comply with the specific restrictions. Reserved resources are exhausted before unreserved net position is used.

Fund Types and Major Funds: The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate entity with a self-balancing set of accounts. Funds of the District are classified under one category: Governmental. This category, in turn, is divided into separate fund types. The District has two fund types: General and Capital Projects.

Governmental Funds: Governmental funds account for all or most of the District's general activities, including the collection and disbursement of specific or legally reserved monies, and the acquisition or construction of general fixed assets. Governmental funds include:

1. General – accounts for all activities not required to be reported in another fund;
2. Capital projects – accounts for the flow of resources related to the construction, acquisition, or renovation of capital assets.

Basis of Accounting/Measurement Focus: 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 and are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy.

The type of financial statement presentation determines the accounting and financial reporting treatment applied to a fund.

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental and business-type activities are included in the statement of net position. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the statement of activities. In these statements, capital assets are reported and depreciated in each fund, and long-term debt is reported.

**AMITE RIVER BASIN DRAINAGE
AND WATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

The fund statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements present increases and decreases in net current assets. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated. Principle and interest paid on long-term debt is reported as current expenses.

Budgets and Budgetary Accounting: The District adopts an annual budget for all of its funds, prepared in accordance with the basis of accounting utilized by that fund. The Board must approve any revisions that alter the total expenditures. Budgeted amounts shown are as originally adopted and as amended by the Board. Budget amendments are passed on an as-needed basis. A balanced budget is required.

The budget is submitted to the State of Louisiana as prescribed by Louisiana Revised Statute 36:803 and submitted to the Legislature in accordance with 39:1331-1342. Although budget amounts lapse at year-end, the District retains its unexpended fund balances to fund expenditures of the succeeding year.

Cash and Cash Equivalents: Cash includes amounts in interest bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Investments: Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings.

Inventory: Inventory of the District includes only office supplies; the amount of which is considered immaterial. Therefore, the acquisition of such items is expensed when purchased, and the inventory on hand at year-end is not reported in the accompanying financial statements.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Restricted Assets: Certain proceeds of the District, primarily property taxes, are classified as restricted assets on the balance sheet because their use is limited.

Long-Term Obligations: In the government-wide financial statements, debt principal payments of government activities are reported as decreases in the balance of the liability on the statement of net position. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

**AMITE RIVER BASIN DRAINAGE
AND WATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Net Position/Fund Balances: In the statements of net position, the difference between a government's assets and liabilities is recorded as net position. The three components of net position are as follows:

Invested in Capital Assets, Net of Related Debt

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

Restricted

Balances reserved by external sources, such as banks or by law, are reported separately as restricted net position. When assets are required to be retained in perpetuity, this non-expendable net position is recorded separately from expendable net position. These are components of restricted net position.

Unrestricted

This category represents net position not appropriate for expenditures or legally segregated for a specific future use.

In the balance sheet of governmental funds, fund balances are segregated as follows:

Nonspendable

These resources are either inherently nonspendable because they are not cash, or legal or contractual provisions require that they be maintained intact.

Restricted

This category represents that portion of equity subject to externally enforceable legal restrictions.

Committed

These resources are constrained by limitations that the government imposes upon itself at the highest level of decision making and that remain binding unless removed in the same manner.

Assigned

This category represents the government's intended use of resources.

Unassigned

These resources represent the excess of what is properly categorized in each of the above four categories.

Interfund Transactions: All interfund transactions except quasi-external transactions are reported as operating transfers. These are eliminated in the government-wide statements.

**AMITE RIVER BASIN DRAINAGE
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BATON ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Impact of Recently Issued Accounting Principles: In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components – assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The provisions of this Statement are effective for financial statements periods beginning after December 15, 2013.

NOTE 2 – CASH AND CASH EQUIVALENTS

Deposits are stated at cost, which approximates market. Under state law, they 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 in the name of the pledging fiscal agent bank in a holding, or custodial bank that is mutually acceptable to both parties.

With the adoption of GASB Statement No. 40, only deposits that are considered exposed to custodial credit risk are required to be disclosed. The Board does not have any deposits that fall within that category. The collected bank balances at June 30, 2014 and 2013 were \$5,458,651 and \$304,108, respectively. Deposits of the District are secured with \$500,000 (\$250,000 at Capital One and \$250,000 at Whitney Bank) of insurance through FDIC and \$6,495,433 of pledged collateral.

The following is a summary of cash and cash equivalents (book balances):

	<u>General Fund</u>		<u>Capital Projects Fund</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Petty cash	\$ 200	\$ 200	\$ -	\$ -
Interest-bearing demand deposits	210,746	157,972	5,242,215	538,903
LAMP	601,028	600,853	7,601,153	8,448,789
Total	<u>811,974</u>	<u>758,825</u>	<u>12,843,368</u>	<u>8,987,692</u>

NOTE 3 – RESTRICTED ASSETS

Restricted assets include cash, cash equivalents and taxes receivable totaling \$12,866,451 at June 30, 2014 and \$11,444,427 at June 30, 2013. These assets were accumulated for the construction of a diversion canal for the Comite River thus restricting their use for that purpose.

**AMITE RIVER BASIN DRAINAGE
AND WATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 4 – ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable:

Class of receivable	
Ad valorem taxes	\$ 23,083
Total	<u>\$ 23,083</u>

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital Assets, being depreciated				
Furniture and equipment	\$ 66,127	\$ -	\$ -	\$ 66,127
Less: accumulated depreciation	(62,043)	(1,022)	-	(63,065)
Net Furniture and Equipment	<u>4,084</u>	<u>(1,022)</u>		<u>3,062</u>
Canals and drainage	7,377,578	532,606	-	7,910,184
Less: accumulated depreciation	-	-	-	-
Net Canals and Drainage	<u>7,377,578</u>	<u>532,606</u>	-	<u>7,910,184</u>
Net Capital Assets, being depreciated	<u>7,381,662</u>	<u>531,584</u>	-	<u>7,913,246</u>

NOTE 6 – LEAVE

Annual and Sick Leave. The District's employees earn and accumulate annual and sick leave at varying rates depending on their years of full-time service. Accumulated leave is carried forward to succeeding years without limitation. Upon termination, employees are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits:

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure when leave is actually taken in the fund financial statements. The cost of leave privileges not requiring current resources is recorded by governmental funds in long-term obligations.

Only annual leave is accrued in the accompanying statements of net position at \$18,966 and \$2,018 for June 30, 2014 and 2013, respectively.

Compensatory Leave. Non-exempt employees, according to the guidelines contained in the Fair Labors Standards Act, may be paid for compensatory leave earned. Upon termination or transfer, an

**AMITE RIVER BASIN DRAINAGE
AND WATER CONSERVATION DISTRICT
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

employee is paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. This pay is based on the employee's hourly rate of pay at the time of termination or transfer. There was no compensatory leave time accrued at June 30, 2014 or 2013.

NOTE 7 – RETIREMENT SYSTEM

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

All full-time employees are eligible to participate. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service plus \$300 for employees hired before July 31, 1986. Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service or (c) age 60 with 10 years of service. An option of reduced benefits at any age with 20 years of service is available. The System also provides death and disability benefits. The System issues an annual financial report that is available to the public including financial statements and required supplementary information of the System. That report may be obtained by contacting the Louisiana State Employees Retirement System, P. O. Box 44213, Baton Rouge, La. 70804, 225-922-0605 or 800-256-3000.

Covered employees are required to contribute 7.5% of gross salary to the plan, and the District is required to contribute an actuarially determined rate as required by Louisiana Revised Statute 11:102. That rate for the year ended June 30, 2014, was 31.3%. Contributions to the System for the years ended June 30, 2014, 2013 and 2012, were \$40,917, \$31,888 and \$35,252, respectively.

NOTE 8 – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The District may provide certain continuing health care and life insurance benefits for its retired employees through the Louisiana Office of Group Benefits. Substantially all of the District's employees become eligible for those benefits if they reach normal retirement age while working for the District and were covered by the District's active medical plan immediately prior to retirement. Those benefits include joint payment of monthly premiums for the coverage provided.

Plan Description. The State of Louisiana's Other Post-Employment Benefit Plan (OPEB Plan) is an agent multiple-employer plan administered by the Louisiana Office of Group Benefits (OGB). There are three plans available to eligible retirees for health care – OGB Preferred Provider Organization (PPO), Humana Health Maintenance Organization (HMO) and United Exclusive Provider Organization (EPO). Participants eligible for Medicare coverage can choose one of two OGB Medicare Advantage Plans, either an HMO or private fee-for-service (PFFS) plan. Life insurance benefits include basic term life, basic plus supplemental term life, dependent term life and employee accidental death and

**AMITE RIVER BASIN DRAINAGE
AND WATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

dismemberment coverage. The policy is underwritten by The Prudential Insurance Company of America.

La. R.S. 42:801-883 provides for the authority under which benefit provisions are established and may be amended. The OGB does not issue a stand-alone report; however, it is included in the Louisiana Comprehensive Annual Financial Report (CAFR). The CAFR may be obtained from Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap, writing to P. O. Box 94095, Baton Rouge, LA 70804-9095 or by calling 225-342-0708.

Funding Policy. LRS 42:801-883 provides for the authority under which the obligations of the plan members and the system are established and may be amended. For employees hired prior to January 1, 2002, the cost of coverage is shared 25% by the participant and 75% by the District with the exception of single retirees under age 65. He/she must pay 25% of the active employee cost. Employees hired on or after January 1, 2002, pay a percentage of the total contribution rate based on his/her years of service at retirement (under 10 yrs. – 81%; 10-14 yrs. – 62%; 15-19 yrs. – 44%; 20+ yrs. – 25%). A lifetime maximum for healthcare benefits is set at \$5,000,000 for the PPO, HMO and EPO plans. The retiree must pay 50% of the life insurance premiums for him or herself and 88% for his/her spouse. Maximum coverage is capped at \$50,000. Premiums paid for healthcare coverage vary depending on the plan chosen. The plan is currently financed on a pay-as-you-go basis by the District.

OPEB Cost/Obligation. The District's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the year ending June 30, 2014 is \$11,400.

The District's OPEB obligation for the year ended June 30, 2014, is as follows:

Annual required contribution/OPEB Cost	\$ 11,650
Contributions made	<u> -</u>
Change in Net OPEB Obligation	11,650
Net OPEB obligation, beginning	<u>151,951</u>
Net OPEB obligation, ending	<u>163,601</u>

Utilizing the pay-as-you-go method, the District contributed 0% of the annual post-employment benefits cost during the current year.

Funding Status and Funding Progress. As of June 30, 2014, the District had not made any contributions to its post-employment benefits plan trust. A trust was established with an effective date of July 1, 2008, but was not funded. Thus, it has no plan assets and a funding ratio of zero. Funding status and progress

**AMITE RIVER BASIN DRAINAGE
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BATON ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

is summarized below.

Unfunded-actuarial accrued liability (UAAL)	\$ 163,601
Covered payroll (active employees)	131,497
UAAL as a percentage of covered payroll	124%

Actuarial Methods/Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 7.0% and 8.1% for pre-Medicare and Medicare eligible, respectively, scaling down to ultimate rates of 5% per year. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis.

NOTE 9 – LEASES

Operating Leases. The District leases office space on an annual basis. For each of the years ended June 30, 2014 and 2013, payments of \$21,072 were made. The monthly rental amount is \$1,756. A copier is leased on a month-to-month basis from Xerox Corporation with a minimum lease payment of \$221 per month or \$2,654 annually.

Capital Leases. The District has no capital leases.

**AMITE RIVER BASIN DRAINAGE
AND WATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 10 -- ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at June 30, 2014:

<u>Class of Payables</u>	<u>General</u>	<u>Capital Projects</u>
Accounts	\$ 16,148	\$ 9,414
Salaries and payroll liabilities	7,105	-
Total	<u>23,253</u>	<u>9,414</u>

NOTE 11 -- LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Compensated absences	2,018	16,948	-	18,966	-
Other post-employment benefits plan	<u>151,951</u>	<u>11,650</u>	-	<u>163,601</u>	-
Total	<u>153,969</u>	<u>28,598</u>	-	<u>182,567</u>	-

NOTE 12 -- INTERFUND TRANSACTIONS

Transfers among governmental funds were as follows during the current year:

	<u>General Fund</u>	<u>Capital Projects</u>
Transfers from other funds	\$ 318,486	\$ -
Transfers to other funds	-	(318,486)
Total Transfers	<u>318,486</u>	<u>(318,486)</u>

NOTE 13 -- RELATED PARTY TRANSACTIONS

There are no related party transactions that require disclosure.

**AMITE RIVER BASIN DRAINAGE
AND WATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 14 – CONTINGENT LIABILITIES

The Board of Commissioners of the District was been named a co-defendant in a class action lawsuit filed on behalf of the taxpayers in the Comite River Diversion Canal Impact Area on November 30, 2010 alleging that the District illegally collected ad valorem taxes associated with the Comite River Diversion Canal Project in excess of the amount approved by the voters and/or used funds collected from taxes for purposes other than that for which the tax was approved.

A jury trial was set in district court. After eight days of testimony, the jury returned a verdict in favor of the District dismissing the plaintiff's class action. All funds that had been previously deposited in the registry of the court have been released.

NOTE 15 – SUBSEQUENT EVENTS

Management of the District has evaluated subsequent events through September 22, 2014, the date that the financial statements were to be issued and has determined that there are no significant subsequent events that require recognition or disclosure through that date.

REQUIRED SUPPLEMENTARY INFORMATION
(PART 2 OF 2)

**AMITE RIVER BASIN DRAINAGE AND WATER CONSERVATION DISTRICT
STATE OF LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2014.**

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
State appropriation	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	4,437	4,437
Total Revenues	-	-	4,437	4,437
EXPENDITURES				
Personal services	217,843	217,850	203,089	14,761
Travel	24,500	23,500	8,456	15,044
Advertising, dues and subscriptions	9,000	9,000	2,591	6,409
Printing/duplication/typing/binding	1,000	1,000	1,761	(761)
Communications	7,500	7,500	5,533	1,967
Rentals	29,000	29,000	26,278	2,722
Maintenance/property and equipment	1,000	1,000	324	676
Professional services	23,300	24,300	23,483	817
Materials and supplies	3,500	3,500	1,652	1,848
Capital outlay	1,800	1,800	-	1,800
Total Expenditures	318,443	318,450	273,167	45,283
Excess (Deficiency) of Revenues over Expenditures	(318,443)	(318,450)	(268,730)	49,720
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	318,450	318,450	318,486	36
Use of available funds	-	-	-	-
Total Other Financing Sources (Uses)	318,450	318,450	318,486	36
Net Change in Fund Balances	7	-	49,756	49,756
Fund Balances, beginning	739,065	739,065	739,065	-
Fund Balances, ending	739,072	739,065	788,821	49,756

See Auditors' Report

SUPPLEMENTARY INFORMATION

**AMITE RIVER BASIN DRAINAGE
AND WATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
JUNE 30, 2014**

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, this schedule of per diem paid to board members is presented for the year ended June 30, 2014.

<u>Name</u>	<u>Amount</u>
Babin, Ben B.	1,380
Brass, John C.	660
Cornette, Russell W.	480
Hoover, David G.	780
Jenkins, William C.	720
Lee, Willie George	420
Louque, Terry S.	1,380
Rouchon, Anthony "Tony"	1,140
Thibeau, Jerry R.	780
Thomas, Larry N.	600
Thompson, Donald "Don" E.	1,440
Welborn, Kenneth "Wade"	960
Zuelke, Dale S.	60
Totals	<u>10,800</u>

See Auditors' Report

**AMITE RIVER BASIN DRAINAGE
AND WATER CONSERVATION DISTRICT
STATE OF LOUISIANA
SCHEDULE OF PROFESSIONAL SERVICE PAYMENTS
YEAR ENDED JUNE 30, 2014**

The following payments were made to contractors for professional services rendered for surveys, feasibility studies and/or special studies:

Description	Amount
Burke-Kleinpeter, Inc. Title searches, surveys, right-of-way maps, hazardous materials investigations, engineering services	389,666
GCR & Associates, Inc. Acquisitions of properties, appraisals, negotiations with property owners	92,687
Deborah Nelle Fruge' Acquisitions of properties, appraisals, negotiations with property owners	3,000
Total	<u>\$ 485,353</u>

**John L. McKowen, CPA
2178 Myrtle Avenue
Baton Rouge, Louisiana 70806**

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

Board of Commissioners of the
Amite River Basin Drainage
and Water Conservation District
3535 South Sherwood Forest Boulevard, Suite 135
Baton Rouge, Louisiana 70816-2255

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Amite River Basin Drainage and Water Conservation District, a related organization of the State of Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Amite River Basin Drainage and Water Conservation District's basic financial statements, and have issued my report thereon dated September 22, 2014.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Amite River Basin Drainage and Water Conservation District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Amite River Basin Drainage and Water Conservation District's internal control. Accordingly, I do not express an opinion on the effectiveness of the Amite River Basin Drainage and Water Conservation District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet is important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not

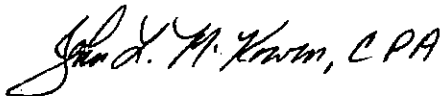
identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Amite River Basin Drainage and Water Conservation District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit conducted in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



John L. McKowen, CPA
September 22, 2014

**AMITE RIVER BASIN DRAINAGE
AND WATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014**

I have audited the financial statements of the Amite River Basin Drainage and Water Conservation District as of and for the year ended June 30, 2014, and have issued my report thereon August 31, 2014. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2014 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control	Material Weakness	<input type="checkbox"/> No
	Control Deficiency(ies)	<input type="checkbox"/> No
Compliance	Compliance Material to F/S	<input type="checkbox"/> No
	Control Deficiency(ies)	<input type="checkbox"/> No

2. Federal Awards

N/A

Section II Financial Statement Findings

None

Section III Federal Award Findings and Questioned Costs

N/A