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**BAYOU D'ARBONNE LAKE  
WATERSHED DISTRICT**

**Annual Financial Statements  
With Accountant's Report  
As of and for the Year Ended  
December 31, 2007**

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 8/6/08

**McRight & Associates  
Certified Public Accountants**

**11817 Bricksome Ave., Suite E \* Baton Rouge, Louisiana 70816**

BAYOU D'ARBONNE LAKE WATERSHED DISTRICT  
STATE OF LOUISIANA  
Annual Financial Statement  
December 31, 2007

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STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ending December 31, 2007

BAYOU D'ARBONNE LAKE WATERSHED DISTRICT  
(Agency Name)

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

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

AFFIDAVIT

Personally came and appeared before the undersigned authority, Micki Horrell, Secty/Treasurer\_ of the Bayou D'Arbonne Lake Watershed District who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Bayou D'Arbonne Lake Watershed District at December 31, 2007 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, 2008.

*Iss/ Micki Horrell, Sect./Treas.*

\_\_\_\_\_  
Signature of Agency Official

\_\_\_\_\_  
NOTARY PUBLIC

Prepared by: L. Dalton McRight

Title: Certified Public Accountant

Telephone No.: (225) 292-2041

Date: June 27, 2008

Bayou D'Arbonne Lake Watershed District  
State of Louisiana

## ACCOUNTANTS' REVIEW REPORT

I have reviewed the accompanying Division of Administration, Office of Statewide Reporting and Accounting Policy's Annual Fiscal Report (AFR) of the business-type activities of the Bayou D'Arbonne Lake Watershed District, a component unit of the State of Louisiana, as of and for the year ended December 31, 2007, which collectively comprise the District's financial statements, as listed in the table of contents. These financial statements reported in the AFR are the responsibility of the Bayou D'Arbonne Lake Watershed District's management.

My review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards* issued by the Comptroller General of the United States of America. A review consists principally of inquiries of the Board's 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, nothing came to our attention that caused us to believe that the financial of the Bayou D'Arbonne Lake Watershed District for the year ended December 31, 2007, are not presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis 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.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report dated June 20, 2008, on the results of our agreed-upon procedures.

McRight & Associates

Baton Rouge, Louisiana  
June 20, 2008

**Independent Accountant's Report  
on Applying Agreed-Upon Procedures**

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

I have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Bayou D'Arbonne Lake Watershed District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Bayou D'Arbonne Lake Watershed District's compliance with certain laws and regulations during the year ended December 31, 2007 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).

I examined expenditures for the year ended December 31, 2007 and no expenditures were found that matched the above limits.

*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 me with the required list including the noted information.

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

The District does not have any employees.

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 did not have any employees.

### *Budgeting*

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

*Management provided me with a copy of the original budget and amended budget.*

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

*I traced the adoption of the original budget to the minutes of a meeting held on November 5, 2006 which indicated that the budget had been adopted by the board. The budget was amended at year end.*

**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.**

*I compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the year did not exceed budgeted amounts by more than 5%.*

### *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;**

*I 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**

*All of the payments were properly coded to the correct fund and general ledger account.*

**(c) determine whether payments received approval from proper authorities.**

*Inspection of documentation supporting each of the six selected disbursements indicated proper approvals. In addition, each of the disbursements were traced to the board's minute book where they were approved by the full board.*

### *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 board's office building. Management has asserted that such documents were properly posted. We reviewed copies of the agendas that management indicated was properly posted.*

### *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.

*I 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.

*A reading of the minutes of the board for the year indicated no approval for the payments noted. The District did not have any employees for the year ended December 31, 2007.*

*There were no comments or unresolved matters from the prior year.*

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.

*McRight & Associates*

June 20, 2008

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Government)**  
May 3, 2008

McRight & Associates, CPAs  
11817 Bricksome Ave., Suite E  
Baton Rouge, LA 70816

In connection with your review of our financial statements as of December 31, 2007 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 May 3, 2008.

**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.

n/a 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 [ x ] No [ ]

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

Yes [ x ] No [ ]

**Meetings**

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

Yes [ x ] 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 [ x ] 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 [ x ] 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.

/s/ Micki Harrell

Sect/Treas.

## **Management's Discussion and Analysis**

# BAYOU D'ARBONNE LAKE WATERSHED DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of the Bayou D'Arbonne Lake Watershed District's financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2007. Please read this document in conjunction with the information contained in the Bayou D'Arbonne Lake Watershed District's financial statements, which begin on page 12.

## **FINANCIAL HIGHLIGHTS**

The, Bayou D'Arbonne Lake Watershed Districts assets exceeded its liabilities at the close of fiscal year 2007 by \$105,786, which represents a 32% increase from the prior fiscal year. The net assets increased by \$25,368 (or 32%)

The District's revenue decreased \$180,877 and expenses decreased \$216,992, due mainly to a decrease in special projects.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The following are 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*.

- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information (Other than MD&A)

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 supplemental information.

### **BASIC FINANCIAL STATEMENTS**

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

The Statement of Net Assets (page 12) presents the current and long term portion 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 Bayou D'Arbonne Lake Watershed District is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 13) presents information showing how the District's 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 transaction included that will not affect cash until future periods.

**BAYOU D'ARBONNE LAKE WATERSHED DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Statement of Activities (page 14) is a summary of the information reported in the Statement of Revenues, Expenses, and Changes in Fund Net Assets. It is required by the state for all component units reported as a special purpose government engaged only in business-type activities.

The Statement of Cash Flows (page 15) presents information showing how the District's cash changed as a result of current 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**

**STATEMENT OF NET ASSETS**

	<u>12/31/07</u>	<u>12/31/06</u>
Current Assets	\$90,816	\$65,448
Capital Assets – Land	14,970	14,970
<b>Total Assets</b>	<u>105,786</u>	<u>80,418</u>
Total Liabilities – Accounts payable	-0-	-0-
Net Assets:		
Invested in capital assets, net of debt	14,970	14,970
Unrestricted	90,816	65,448
<b>Total net assets</b>	<u>105,786</u>	<u>80,418</u>
<b>Total Liabilities and Net Assets</b>	<u>\$105,786</u>	<u>\$80,418</u>

**STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET ASSETS  
For the Years Ended**

	<u>12/31/07</u>	<u>12/31/06</u>
Operating revenues	None	None
Operating Expenses	\$49,229	\$266,221
Operating income (loss)	(49,229)	(266,221)
Non-operating revenues (expenses)	74,597	255,474
<b>Net increase in net assets</b>	<u>\$25,368</u>	<u>\$(10,747)</u>

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

At December 31, 2007, Bayou D'Arbonne Lake Watershed had \$14,970 invested in land. There were no major additions during the year.

**DEBT**

At December 31, 2007, Bayou D'Arbonne Lake Watershed had no debt outstanding.

# BAYOU D'ARBONNE LAKE WATERSHED DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

## **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 are reviewed by the board.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Bayou D'Arbonne Lake Watershed District's appointed officials considered the following factors when setting next year's budget:

- Revenues for 2008 are expected to be fairly unchanged.
- Operating expenses for 2008 will be approximately the same as 2007 operating expenses.

The District expects that next year's operating results will approximate the year 2007.

## **CONTACTING THE BAYOU D'ARBONNE LAKE WATERSHED DISTRICT'S MANAGEMENT**

This financial report is designed to provide citizens and taxpayers with a general overview of the District's finances and to show the district's accountability for the money it receives. If you have questions about this report or need additional financial information contact Micki Horrell, Secretary-Treasurer, P. O. Box 696, Farmerville, LA 71241.

**STATE OF LOUISIANA  
 BAYOU D'ARBOINNE LAKE WATERSHED DISTRICT  
 BALANCE SHEET  
 AS OF DECEMBER 31, 2007**

**ASSETS**  
**CURRENT ASSETS:**

Cash and cash equivalents (Note C1)	\$	<u>90,816</u>
Investments (Note C2)		
Receivables (net of allowance for doubtful accounts)(Note U)		
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		
Notes receivable		
Other current assets		
<b>Total current assets</b>		<u>90,816</u>

**NONCURRENT ASSETS:**

Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Notes receivable		
Capital assets (net of depreciation)(Note D)		
Land		<u>14,970</u>
Buildings and improvements		
Machinery and equipment		
Infrastructure		
Construction in progress		
Other noncurrent assets		
<b>Total noncurrent assets</b>		<u>14,970</u>
<b>Total assets</b>	\$	<u>105,786</u>

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable and accruals (Note V)	\$	
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		
Amounts held in custody for others		
Other current liabilities		
Current portion of long-term liabilities:		
Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		
Capital lease obligations - (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
<b>Total current liabilities</b>		<u>0</u>

**NON-CURRENT LIABILITIES:**

Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		
Capital lease obligations (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
<b>Total long-term liabilities</b>		<u>0</u>
<b>Total liabilities</b>		<u>0</u>

**NET ASSETS**

Invested in capital assets, net of related debt		<u>14,970</u>
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		
Unrestricted		<u>90,816</u>
<b>Total net assets</b>		<u>105,786</u>
<b>Total liabilities and net assets</b>	\$	<u>105,786</u>

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

**STATE OF LOUISIANA  
 BAYOU D'ARBO NNE LAKE WATERSHED DISTRICT  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>OPERATING REVENUES</b>	
Sales of commodities and services	\$ _____
Assessments	_____
Use of money and property	_____
Licenses, permits, and fees	_____
Other	_____
Total operating revenues	_____
<b>OPERATING EXPENSES</b>	
Cost of sales and services	49,229
Administrative	_____
Depreciation	_____
Amortization	_____
Total operating expenses	49,229
Operating income(loss)	(49,229)
<b>NON-OPERATING REVENUES(EXPENSES)</b>	
State appropriations	_____
Intergovernmental revenues (expenses)	28,272
Taxes	45,399
Use of money and property	926
Gain (loss) on disposal of fixed assets	_____
Federal grants	_____
Interest expense	_____
Other	-
Total non-operating revenues(expenses)	74,597
Income(loss) before contributions and transfers	25,368
Capital contributions	_____
Transfers in	_____
Transfers out	_____
Change in net assets	25,368
Total net assets – beginning as restated	80,418
Total net assets – ending	\$ 105,786

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

Statement B

**STATE OF LOUISIANA  
 BAYOU D'ARBOINNE LAKE WATERSHED DISTRICT  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Assets</u>
BTA	\$ 49,229	\$ 0	\$ 28,272	\$	\$ (20,957)
General revenues:					
Taxes					<u>45,399</u>
State appropriations					<u>          </u>
Grants and contributions not restricted to specific programs					<u>          </u>
Interest					<u>926</u>
Miscellaneous					<u>          </u>
Special items					<u>-</u>
Transfers					<u>          </u>
Total general revenues, special items, and transfers					<u>46,325</u>
Change in net assets					<u>25,368</u>
Net assets - beginning					<u>80,418</u>
Net assets - ending				\$	<u><u>105,786</u></u>

The accompanying notes are an integral part of this statement.

Statement C



**STATE OF LOUISIANA  
 BAYOU D'ARBONNE LAKE WATERSHED DISTRICT  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>Cash flows from operating activities</b>		
Cash received from customers	\$	
Cash payments to suppliers for goods and services		<u>(49,229)</u>
Cash payments to employees for services		
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		<u>(49,229)</u>
<b>Cash flows from non-capital financing activities</b>		
State appropriations		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		<u>28,272</u>
Other		<u>45,399</u>
Transfers In		
Transfers Out		
Net cash provided(used) by non-capital financing activities		<u>73,671</u>
<b>Cash flows from capital and related financing</b>		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets		
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		<u>-</u>
<b>Cash flows from investing activities</b>		
Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities		<u>926</u>
Net cash provided(used) by investing activities		<u>926</u>
Net increase(decrease) in cash and cash equivalents		<u>25,368</u>
Cash and cash equivalents at beginning of year		<u>65,448</u>
Cash and cash equivalents at end of year	\$	<u><u>90,816</u></u>

The accompanying notes are an integral part of this statement.

Statement D

**STATE OF LOUISIANA  
 BAOU D'ARBONNE LAKE WATERSHED DISTRICT  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 2007**

**Reconciliation of operating income(loss) to net cash provided(used) by operating activities:**

Operating income(loss)	\$	<u>(49,229)</u>
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization		_____
Provision for uncollectible accounts		_____
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net		_____
(Increase)decrease in due from other funds		_____
(Increase)decrease in prepayments		_____
(Increase)decrease in inventories		_____
(Increase)decrease in other assets		_____
Increase(decrease) in accounts payable and accruals		_____
Increase(decrease) in accrued payroll and related benefits		_____
Increase(decrease) in compensated absences payable		_____
Increase(decrease) in due to other funds		_____
Increase(decrease) in deferred revenues		_____
Increase(decrease) in other liabilities		_____
 Net cash provided(used) by operating activities	 \$	 <u><u>(49,229)</u></u>

**Schedule of noncash investing, capital, and financing activities:**

Borrowing under capital lease	_____
Contributions of fixed assets	_____
Purchases of equipment on account	_____
Asset trade-ins	_____
Other (specify)	_____
_____	_____
_____	_____
 <b>Total noncash investing, capital, and financing activities:</b>	 <b>_____</b>

(Concluded)

The accompanying notes are an integral part of this statement.

Statement D

**STATE OF LOUISIANA  
BAYOU D'ARBONNE LAKE WATERSHED DISTRICT  
Notes to the Financial Statement  
As of and for the year ended December 31, 2007**

**INTRODUCTION**

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

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. 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 Bayou D'Arbonne Lake Watershed District present information only as to the transactions of the programs of the Bayou D'Arbonne Lake Watershed District 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 Board 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, including salaries, are recognized in the period incurred, if measurable.

**B. BUDGETARY ACCOUNTING**

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

**STATE OF LOUISIANA  
 BAYOU D'ARBONNE LAKE WATERSHED DISTRICT  
 Notes to the Financial Statement  
 As of and for the year ended December 31, 2007**

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

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

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

The deposits at December 31, 2007, consisted of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Deposits in bank accounts per balance sheet	\$ <u>90,816</u>	\$ <u>          </u>	\$ <u>          </u>	\$ <u>90,816</u>
Bank balances (category 3 only, if any) Identify amounts reported as category 3 by the descriptions below:				
a. Uninsured and uncollateralized	<u>          </u>	<u>          </u>	<u>          </u>	<u>-</u>
b. Uninsured and collateralized with securities held by the pledging institution	<u>-</u>	<u>          </u>	<u>          </u>	<u>-</u>
c. Uninsured and collateralized with securities held held by the pledging institution's trust department or agent, <u>but not in the entities name</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>-</u>
<b>Total Category 3 bank balances</b>	<b>\$ <u>-</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>-</u></b>
<b>Total bank balances (All categories including category 3 reported above)</b>	<b>\$ <u>94,516</u></b>	<b>\$ <u>          </u></b>	<b>\$ <u>          </u></b>	<b>\$ <u>94,516</u></b>

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

	<u>Banking institution</u>	<u>Program</u>	<u>Amount</u>
1.	Commer. Trust	Checking	\$ 94,516
2.			
3.			
4.			
Total			\$ 94,516

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

Cash in State Treasury	\$ _____
Petty cash	\$ _____

**2. INVESTMENTS**

None

**D. CAPITAL ASSETS-INCLUDING CAPITAL LEASE ASSETS**

The district's fixed assets at December 31, 2007 consist only of land; therefore, there is no depreciation expense for the year. In addition, the district's infrastructure is estimated to total less than \$3,000,000 and therefore 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 does not have any restricted assets at December 31, 2007.

**G. LEAVE**

The district does not have any employees.

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**H. RETIREMENT SYSTEM**

The district does not have any employees.

**I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

The district does not have any employees or retired employees.

**J. LEASES**

At December 31, 2007 the district did not have any leases outstanding.

**K. LONG-TERM LIABILITIES**

The district did not have any long-term debts at December 31, 2007.

**L. LITIGATION**

The District is a defendant in three litigations seeking unspecified damages.

**M. RELATED PARTY TRANSACTIONS**

There were no related party transactions for the year ended December 31, 2007.

**N. ACCOUNTING CHANGES**

None.

**O. IN-KIND CONTRIBUTIONS**

The district did not have any in-kind contributions for the year ended December 31, 2007.

**P. DEFEASED ISSUES**

The district did not issue any taxable bonds.

**Q. COOPERATIVE ENDEAVORS**

The district was not involved in any cooperative endeavors at December 31, 2007.

**R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)**

The district did not have any government-mandated nonexchange transactions (grants) during fiscal year 2007:

**S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS**

At December 31, 2007, the board was not in violation of finance-related legal or contractual provisions.

**T. SHORT-TERM DEBT**

The district does not issue short-term notes.

**STATE OF LOUISIANA  
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**U. DISAGGREGATION OF RECEIVABLE BALANCES**

The district did not have any receivables at December 31, 2007.

**V. DISAGGREGATION OF PAYABLE BALANCES**

The district did not have any payables at December 31, 2007.

**W. SUBSEQUENT EVENTS**

None.

**X. SEGMENT INFORMATION**

The district does not have any reportable segments.

**Y. DUE TO/DUE FROM AND TRANSFERS**

None

**Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS**

None.

**AA. PRIOR YEAR RESTATEMENT OF NET ASSETS – None**

**BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION – None**

**CC. IMPAIRMENT OF CAPITAL ASSETS – None**

**DD. EMPLOYEE TERMINATION BENEFITS – None**





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

**COMPARISON FIGURES**

	<u>2007</u>	<u>2006</u>	<u>Difference</u>	<u>Percentage Change</u>
Revenues	<u>\$75,497</u>	<u>\$255,474</u>	<u>\$(180,877)</u>	<u>70.80%</u>
Expenses	<u>49,229</u>	<u>266,221</u>	<u>(216,992)</u>	<u>81.51%</u>
Capital Assets	<u>14,970</u>	<u>14,970</u>	<u>-0-</u>	<u>0%</u>
Long-term debt	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>0%</u>
Net Assets	<u>105,786</u>	<u>80,418</u>	<u>25,368</u>	<u>31.55%</u>

Explanation for change: Not Applicable