

**STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT**

**Financial Statements with Supplementary Information**

**As of and for the Year Ended June 30, 2012**

**(With Independent Auditors' Report Thereon)**

**STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT**

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Independent Auditors' Report

Board of Commissioners  
Natchitoches Levee and Drainage District  
Natchitoches, Louisiana

We have audited the accompanying basic financial statements of the Natchitoches Levee and Drainage District, a component unit of the State of Louisiana, as of and for the year then ended June 30, 2012, as listed in the table of contents. These basic financial statements are the responsibility of management of the Natchitoches Levee and Drainage District. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Natchitoches Levee and Drainage District as of June 30, 2012, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2012, on our consideration of the Natchitoches Levee and Drainage District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our 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* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2 through 5 and page 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of expressing an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules and the Division of Administration reporting package listed in the table of contents are presented for purposes of additional analysis and not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Griffin & Company, LLC*

September 4, 2012

STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT

Management's Discussion & Analysis

June 30, 2012

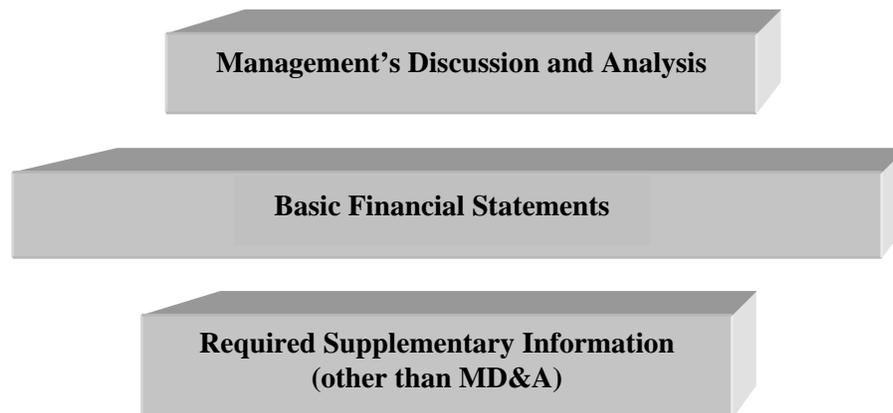
The Management's Discussion and Analysis of the Natchitoches Levee and Drainage District's (the "District") financial performance presents a narrative overview and analysis of the District's financial activities for the period from July 1, 2011 to June 30, 2012. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the District's financial statements.

**Financial Highlights**

- The District's assets exceeded its liabilities at the close of fiscal year 2012 by \$2,120,769. Assets consist primarily of cash, certificates of deposit, and capital assets. Net assets increased by \$1,065,274 or 100.93% compared to the prior fiscal year.
- The District's revenues totaled \$1,625,561 for the year ended June 30, 2012. These revenues are comprised primarily of state appropriations, taxes, state revenue sharing, and interest income. Revenues increased \$994,852 or 157.74% compared to the prior fiscal year.
- The District's expenditures totaled \$558,817 for the year ended June 30, 2012. These expenditures are comprised primarily of personnel and operating services. Expenditures decreased \$60,020 or 9.70% compared to the prior fiscal year.

**Overview of the Financial Statements**

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



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

STATE OF LOUISIANA  
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT

Management's Discussion & Analysis

June 30, 2012

*Basic Financial Statements*

The basic financial statements present information for the District's as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets presents the assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities 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 transactions included that will not affect cash until future fiscal periods.

Financial Analysis of the Entity

Statement of Net Assets  
As of June 30, 2012

Current and other assets	\$ 1,226,342
Other assets	12,405
Capital assets, net	<u>1,064,534</u>
Total assets	<u>2,303,281</u>
Other current liabilities	6,479
Compensated absences payable	10,479
Other post employment benefits payable	<u>165,554</u>
Total liabilities	<u>182,512</u>
Net assets:	
Invested in capital assets, net of debt	1,064,534
Unrestricted	<u>1,056,235</u>
Total Net Assets	<u>2,120,769</u>
Total liabilities and net assets	<u>\$ 2,303,281</u>

Unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

Net assets of the District increased by \$1,065,274 or 100.93%, from June 30, 2011 to June 30, 2012. The increase is primarily due to a state appropriation of \$942,047 for a capital project and an increase in the amount of ad valorem taxes received during the year.

STATE OF LOUISIANA  
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT

Management's Discussion & Analysis

June 30, 2012

Statement of Activities  
For the Year Ended June 30, 2012

Expenses	\$ 558,817
Program revenues	<u>-</u>
Operating loss	(558,817)
General revenues	<u>1,625,561</u>
Net increase net assets	<u><u>\$ 1,066,744</u></u>

The District's total revenues increased by \$994,852 or 157.74%. The total cost of all programs and services decreased by \$60,020 or 9.70%.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of 2012, the District had \$1,064,534 invested in capital assets which primarily consists of land improvements, equipment and vehicles. This amount represents a net increase (including additions) of \$898,008, or 539.26%, over last year.

This year's major additions included:

- \$942,047 of land improvements

*Debt*

The District has obligations for compensated absences of \$10,479. The obligations decreased from \$16,203 for a decrease of \$5,724 or 35.33%.

The District has obligations for other post employment retirement benefits of \$165,554. The obligations increased from \$138,077 for an increase of \$27,477 or 19.90%.

The District had no bonds and notes outstanding at June 30, 2012.

There was no debt issued from July 1, 2011 to June 30, 2012.

**Variations Between Actual and Budget Amounts**

Revenues were \$1,021,561 over budget and expenditures were \$1,435,073 over budget. This is primarily due to the budget not including the revenue and expenditures associated with the Lower Cane River Flood Gate project as well as the District electing not to roll the tax millage back upon reassessment.

**STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT**

**Management's Discussion & Analysis**

**June 30, 2012**

**Economic Factors and Next Year's Budget**

The District's officials considered the following factors and indicators when setting next year's budget:

- Ad valorem taxes
- Interest income
- Intergovernmental revenues (state and local grants)

The management of the District does not expect any significant changes in next year's results compared to the current year.

**Contacting the District's Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors 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 Karlton Methvin, President, Post Office Box 1036, Natchitoches, Louisiana 71458.

**STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT**

**Statement of Net Assets**

**June 30, 2012**

	<u><b>Assets</b></u>		
Cash & cash equivalents		\$ 1,226,342	
Other assets		12,405	
Capital assets (net of depreciation)		<u>1,064,534</u>	
<b>Total assets</b>			<u><b>2,303,281</b></u>
	<u><b>Liabilities</b></u>		
Accounts payable & accruals		6,479	
Compensated absences payable		10,479	
Other post employment benefits payable		<u>165,554</u>	
<b>Total liabilities</b>			<b>182,512</b>
	<u><b>Net Assets</b></u>		
Invested in capital assets, net of related debt		1,064,534	
Unrestricted		<u>1,056,235</u>	
<b>Total net assets</b>			\$ <u><u><b>2,120,769</b></u></u>

See accompanying notes to the financial statements.

**STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT**

**Statement of Activities**

**For the Year Ended June 30, 2012**

		<b>Program Revenues</b>				
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants &amp; Contributions</b>	<b>Capital Grants &amp; Contributions</b>		<b>Net (Expense) Revenue &amp; Changes in Net Assets</b>
<b>Functions/Programs</b>						
<b>Governmental Activities:</b>						
Personal services	288,978	-	-	-		(288,978)
Travel	12,302	-	-	-		(12,302)
Operating services	144,148	-	-	-		(144,148)
Supplies	24,050	-	-	-		(24,050)
Professional services	45,300	-	-	-		(45,300)
Depreciation	44,039	-	-	-		(44,039)
<b>Total General Government</b>	<b>\$ 558,817</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$</b>	<b>(558,817)</b>
 <b>General Revenues:</b>						
State appropriations						942,047
Taxes						636,698
State revenue sharing						40,143
Interest income						6,673
 <b>Total general revenues</b>						<b>1,625,561</b>
 <b>Change in net assets</b>						<b>1,066,744</b>
 <b>Net assets - beginning</b>						<b>1,054,025</b>
 <b>Net assets - ending</b>					<b>\$</b>	<b>2,120,769</b>

See accompanying notes to the financial statements.

**STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT**

**Governmental Funds**

**Balance Sheet**

**June 30, 2012**

**Assets**

**Current Assets:**

Cash & cash equivalents	\$ 1,226,342
Other assets	<u>12,405</u>
Total assets	\$ <u><u>1,238,747</u></u>

**Liabilities & Fund Balance**

**Current Liabilities:**

Accounts payable & accrued expenses	\$ <u>6,479</u>
Total current liabilities	<u>6,479</u>

**Fund Balance:**

Nonspendable (not in spendable form)	12,405
Unassigned	<u>1,219,863</u>
Total fund balance	<u>1,232,268</u>
Total liabilities & fund balance	\$ <u><u>1,238,747</u></u>

See accompanying notes to the financial statements.

**STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT**

**Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets**

**June 30, 2012**

<b>Total Governmental Fund Balances</b>	<b>\$ 1,232,268</b>
<b>Total Net Assets reported for governmental activities in the statement of net assets is different because:</b>	
<b>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:</b>	
<b>Building and building improvements, net of accumulated depreciation of \$9,832</b>	<b>2,458</b>
<b>Land improvements, net of accumulated depreciation of \$11,776</b>	<b>930,271</b>
<b>Automobiles and equipment, net of accumulated depreciation of \$354,043</b>	<b>131,805</b>
<b>Total capital assets</b>	<b><u>1,064,534</u></b>
<b>Long-term liabilities, including compensated absences payable and OPEB payable are not due and payable in the current period and therefore are not reported in the fund liabilities:</b>	
<b>Compensated absences payable</b>	<b>(10,479)</b>
<b>Other post employment benefits payable</b>	<b><u>(165,554)</u></b>
	<b><u>(176,033)</u></b>
<b>Total Net Assets of Governmental Activities</b>	<b>\$ <u><u>2,120,769</u></u></b>

See accompanying notes to the financial statements.

**STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT**

**Governmental Funds**

**Statement of Revenues, Expenditures, and Changes in Fund Balance**

**For the Year Ended June 30, 2012**

<b>Revenues:</b>		
<b>Taxes</b>	\$	636,698
<b>Intergovernmental</b>		
State appropriations		942,047
State revenue sharing		40,143
Interest income		<u>6,673</u>
<b>Total revenues</b>		<u><u>1,625,561</u></u>
<b>Expenditures:</b>		
<b>General government</b>		
Personal services		267,226
Travel		12,302
Operating services		144,148
Supplies		24,050
Professional services		45,300
Capital Outlay		<u>942,047</u>
<b>Total expenditures</b>		<u><u>1,435,073</u></u>
<b>Net change in fund balance</b>		190,488
<b>Fund balance, beginning of year</b>		<u>1,041,780</u>
<b>Fund balance, end of year</b>	\$	<u><u>1,232,268</u></u>

See accompanying notes to the financial statements.

**STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance -  
Governmental Funds to the Statement of Activities**

**For the Year Ended June 30, 2012**

**Net Change in Fund Balances - total governmental funds** \$ 190,488

**The change in net assets reported for governmental activities in the  
statement of activities is 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:**

<b>Capital asset additions</b>	<b>942,047</b>
<b>Depreciation expense</b>	<b>(44,039)</b>
	<b><u>898,008</u></b>

**In the Statement of Activities compensated absences and other post  
employee benefits are accrued, whereas in the governmental  
funds, these expenditures are reported when due** (21,752)

**Change in Net Assets of Governmental Activities** \$ 1,066,744

**STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT**

**Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Budgetary Basis) - General Fund**

**For the Year Ended June 30, 2012**

	<b>Budget Amounts Original/ Final</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance With Final Budget Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Taxes	\$ 558,000	636,698	78,698
Intergovernmental	40,000	982,190	942,190
Interest Income	6,000	6,673	673
<b>Total revenues</b>	<b>604,000</b>	<b>1,625,561</b>	<b>1,021,561</b>
<b>Expenditures:</b>			
<b>General government</b>			
Personal services	220,000	267,226	(47,226)
Travel	20,000	12,302	7,698
Operating services	175,000	144,148	30,852
Supplies	45,000	24,050	20,950
Professional services	40,000	45,300	(5,300)
<b>Capital Outlay</b>	<b>104,000</b>	<b>942,047</b>	<b>(838,047)</b>
<b>Total expenditures</b>	<b>604,000</b>	<b>1,435,073</b>	<b>(831,073)</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>190,488</b>	<b>190,488</b>
<b>Fund balance, beginning</b>	<b>1,043,249</b>	<b>1,041,780</b>	<b>-</b>
<b>Fund balance, ending</b>	<b>\$ 1,043,249</b>	<b>1,232,268</b>	<b>190,488</b>

See independent auditors' report.

STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies

(a) Introduction

The Natchitoches Levee and Drainage District and its Board of Commissioners were created by the Louisiana State Legislature under the provisions of the Louisiana Revised Statute 38:291(H). The Levee District includes most of Natchitoches Parish. The Levee District primarily provides flood protection for those areas contained in the District. The Board of Commissioners administers the operations and responsibilities of the Levee District in accordance with the provisions of Louisiana Statute. The eight members of the Board of Commissioners, which governs the District, are appointed by the governor of the State of Louisiana.

(b) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net asset) report information on all of the non-fiduciary activities of the District. For the most part, interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

(c) Measurement Focus, Basis of Accounting, and Financial Basis Presentation

The government-wide financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the district considers revenues to be available only if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, royalties, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the

STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies

(c) Measurement Focus, Basis of Accounting, and Financial Basis Presentation

current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Funds are used by the District to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The District has a General Fund only which is classified as a governmental fund type. The District has no proprietary or other fund types.

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the District.

GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and its component units. Component units are defined as legally separate organizations for which the elected officials of a primary government are financially accountable. The criteria used in determining whether financial accountability exists include the appointment of a voting majority of an organization's governing board, the ability of the primary government to impose its will on that organization or whether there is a potential for the organization to provide specific financial benefits or burdens to the primary government. Fiscal dependency may also play a part in determining financial accountability. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In addition, it has been determined that the District is a component unit of the State of Louisiana for financial reporting purposes. Annually, the State of Louisiana (the primary government) issues general-purpose financial statements, which include the activity contained in the accompanying financial statements.

(d) Assets, Liabilities, and Net Assets

*Deposits with Financial Institutions*

For reporting purposes, cash and cash equivalents includes amounts in savings, demand deposits, time deposits, and certificates of deposit. Under state law, the District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the District may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the State of Louisiana, in savings accounts or shares of savings and loan associations and savings banks

STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies

(d) Assets, Liabilities, and Net Assets

*Deposits with Financial Institutions*

and in 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 negotiable CDs and restricted cash and cash equivalents) and deposits (including negotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

*Receivables and Bad Debts*

All receivables are reported at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available that would indicate the uncollectibility of the particular receivable.

*Capital Assets*

Capital assets, which include property, plant, and equipment, are included on the Statement of Net Assets and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Accumulated depreciation is reported on the Statement of Net Assets. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred.

No salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated for financial reporting purposes using the straight-line method over the following useful lives of the asset:

<u>Description</u>	<u>Years</u>
Buildings and building improvements	10
Vehicles	5
Equipment	7-10

*Inventories*

Inventories of the District are recorded at cost and recognized as expenditures when purchased.

STATE OF LOUISIANA  
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies

(d) Assets, Liabilities, and Net Assets

*Compensated Absences*

The District has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs 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 current year expenditure in the fund when leave is actually taken. The government-wide financial statements present the cost of accumulated sick leave as a liability. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay this amount when employees separate from service.

*Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Fund Equity*

Beginning with fiscal year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable fund balance**—amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.
- **Restricted fund balance**—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed fund balance**—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

STATE OF LOUISIANA  
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies

(d) Assets, Liabilities, and Net Assets

- Assigned fund balance—amounts the District intends to use for a specific purpose. Intent is expressed by the Board of Directors.
- Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Beginning fund balances for the District's governmental funds have been restated to reflect the above classifications.

The Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Directors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

(2) Stewardship, Compliance, and Accountability

Formal budgetary accounting is employed as a management control. The District prepares and adopts a budget prior to July 1 of each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the full accrual basis of accounting, with the exception that the gain or loss resulting from adjusting the carrying value of investments to fair market value is not included in the budget as a revenue or expense. The District amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. All budget appropriations lapse at year-end.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget
3. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

	<u>Appropriations</u>
Original approved budget	\$ 604,000
Amendments	<u>-</u>
Final approved budget	<u>\$ 604,000</u>

STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT

Notes to Financial Statements

June 30, 2012

(3) Deposits With Financial Institutions

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. As of June 30, 2012, the District had \$39,709 in deposits that were uninsured and uncollateralized.

The deposits at June 30, 2012 consist of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Book balance of bank accounts	\$ <u>288,533</u>	<u>937,809</u>	<u>1,226,342</u>
Deposits in bank accounts per bank	\$ <u>289,709</u>	<u>937,809</u>	<u>1,227,518</u>

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

<u>Banking Institution</u>	<u>Amount</u>
Susquehanna Bank	\$ 248,595
The Independent Bankers Bank	248,595
Ever Bank	129,903
Monarch Bank	170,125
Sovereign Bank	<u>140,591</u>
 Total	 \$ <u>937,809</u>

STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT

Notes to Financial Statements

June 30, 2012

(4) Capital Assets

The following is a summary of changes in the general fixed assets account group during the period from July 1, 2010 to June 30, 2012:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>Capital Assets, not being depreciated:</b>				
Land	\$ -	-	-	-
<b>Capital Assets, being depreciated:</b>				
Automobiles & equipment	485,848	-	-	485,848
Less accum. depreciation	<u>(323,009)</u>	<u>(31,034)</u>	-	<u>(354,043)</u>
<b>Total automobiles &amp; equipment</b>	<u>162,839</u>	<u>(31,034)</u>	-	<u>131,805</u>
Buildings & improvements	12,290	-	-	12,290
Less accum. depreciation	<u>(8,603)</u>	<u>(1,229)</u>	-	<u>(9,832)</u>
<b>Total buildings &amp; improvements, net</b>	<u>3,687</u>	<u>(1,229)</u>	-	<u>2,458</u>
Land improvements	-	942,047	-	942,047
Less accum. depreciation	<u>-</u>	<u>(11,776)</u>	-	<u>(11,776)</u>
<b>Total land &amp; improvements, net</b>	<u>-</u>	<u>930,271</u>	-	<u>930,271</u>
 <b>Capital Assets being depreciated, Net</b>	 <u>166,526</u>	 <u>898,008</u>	 <u>-</u>	 <u>1,064,534</u>
 <b>Total Governmental Activities Capital Assets, Net</b>	 <u>\$ 166,526</u>	 <u>898,008</u>	 <u>-</u>	 <u>1,064,534</u>

(5) Accounts Payable and Accruals

Payables at June 30, 2012 were as follows:

	<u>Vendors</u>	<u>Salaries &amp; Benefits</u>	<u>Other Payables</u>	<u>Total Payables</u>
General Fund	\$ <u>1,558</u>	<u>4,921</u>	<u>-</u>	<u>6,479</u>

(6) Compensated Absences

At June 30, 2012, employees of the District had accumulated \$10,479, in annual leave benefits, which were computed in accordance with GASB Codification Section C 60. The following is a summary of the changes in accumulated leave benefits for the year ended June 30, 2012:

Compensated absences payable, beginning of year	\$ 16,203
Additions	6,947
Reductions	<u>(12,671)</u>
Compensated absences payable, end of year	<u>\$ 10,479</u>

STATE OF LOUISIANA  
NATCHITOCHEES LEVEE AND DRAINAGE DISTRICT

Notes to Financial Statements

June 30, 2012

**(7) Retirement System**

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

All full-time District employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006 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. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006, have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2010 Financial Statements. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members hired before July 1, 2006 and after July, 2006 are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% of gross salary, and the Natchitoches Levee and Drainage District is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate was 25.6%, 22.0% and 18.6% of annual covered payroll in fiscal years ended June 30, 2012, 2011 and 2010, respectively. The District's contributions to the System for the years ending June 30, 2012, 2011, and 2010 were \$33,682, \$32,440 and \$26,121, respectively, equal to the required contributions for each year.

STATE OF LOUISIANA  
NATCHITOCHEES LEVEE AND DRAINAGE DISTRICT

Notes to Financial Statements

June 30, 2012

**(8) Post Retirement Health Care and Life Insurance Benefits**

*Plan Description.* The District's employees may participate in the Natchitoches Levee and Drainage District's Other Post-employment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The Office of Group Benefits administers the plan. LRS 42:801-883 provides the authority to establish and amend benefit provisions of the plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in the Louisiana Comprehensive Annual Financial Report (CAFR).

*Funding Policy.* The contribution requirements of plan members and the District are established and may be amended by LRS 42:801-883 and are on a pay as you go basis. Employees do not contribute to their post-employment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. The Office of Group Benefits offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Health Maintenance Organization (HMO) plan, and the United Exclusive Provider Organization (EPO) plan. Retired employees who have Medicare Part A and Part B coverage also have access to five OGB Medicare Advantage plans which includes three HMO plans and two private fee-for-service plans. Administrative costs of the OPEB Plan are financed through the premiums collected for all classes of active and retired plan members. Contribution amounts vary depending on which healthcare provider is selected from the plan, years of participation, and if the member has Medicare coverage. The following is a summary of plan provisions:

*Plan Provisions.* Employees hired before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65 pay approximately 25% of the active employee cost). Employees with an OGB medical participation start (or re-start) date after December 31, 2001 pay a percentage of the total retiree contribution rate based on the following schedule:

<u>OGB Participation</u>	<u>Employer Contribution Percentage</u>	<u>Employee Contribution Percentage</u>
Under 10 years	19%	81%
10-14 years	38%	62%
15-19 years	56%	44%
20+ years	75%	25%

**STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT**

**Notes to Financial Statements**

**June 30, 2012**

**(8) Post Retirement Health Care and Life Insurance Benefits**

Total monthly per capita premium equivalent rates for 2011-2012 are as follows:

	<u>PPO</u>	<u>HMO</u>
Single Active	\$619.28	\$585.08
<b>Retired without Medicare</b>		
Single	\$1,152.12	\$1,091.92
With Spouse	\$2,034.20	\$1,928.04
<b>Retired with 1 Medicare</b>		
Single	\$374.64	\$361.24
With Spouse	\$1,384.28	\$1,320.20
<b>Retired with 2 Medicare</b>		
With Spouse	\$673.44	\$647.52

All members who retire on or after July 1, 1997 must have Medicare Parts A and B in order to qualify for the reduced premium rate.

Medicare Supplemental Rates for 2011 are as follows:

	<b>Retired with</b>	
	<u>1 Medicare</u>	<u>2 Medicare</u>
Humana PPO	\$149.00	\$298.00
Humana HMO	\$145.00	\$290.00
Peoples Health HMO	\$115.00	\$230.00
Vantage HMO	\$258.00	\$516.00
Secure Horizons PPO	\$198.50	\$397.00

Medicare Supplemental Rates for 2012 are as follows:

	<b>Retired with</b>	
	<u>1 Medicare</u>	<u>2 Medicare</u>
Humana PPO	\$150.00	\$300.00
Humana HMO	\$156.00	\$312.00
Peoples Health HMO	\$167.00	\$334.00
Vantage HMO	\$279.02	\$558.02
United Healthcare PPO	\$213.78	\$427.54

STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT

Notes to Financial Statements

June 30, 2012

**(8) Post Retirement Health Care and Life Insurance Benefits**

*Annual OPEB Cost.* The District's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 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 fiscal year beginning July 1, 2010 is \$59,100.

The following table shows the components of the District's net OPEB obligation:

		<u>6/30/12</u>	<u>6/30/11</u>	<u>6/30/10</u>
Net OPEB obligation – beginning of year	\$	138,077	94,496	53,819
Annual required contribution		44,400	59,100	56,500
Interest on Net OPEB Obligation		5,500	3,800	2,200
Adjustment to Annual Required Contribution		<u>(5,300)</u>	<u>(3,600)</u>	<u>(2,100)</u>
Annual OPEB cost (expense)		44,600	59,300	56,600
Contributions made (retiree cost)		<u>(17,123)</u>	<u>(15,719)</u>	<u>(15,923)</u>
 Net OPEB obligation – end of year	 \$	 <u>165,554</u>	 <u>138,077</u>	 <u>94,496</u>

Utilizing the pay-as-you-go method, the District contributed 0% of the annual post-employment benefits cost during 2011.

*Funded Status and Funding Progress.* As of June 30, 2012, the District did not have an OPEB trust. A trust was established with an effective date of July 1, 2009, but was not funded at all, has no assets, and hence has a funded ratio of zero. Since the plan was not funded, the entire actuarial accrued liability of \$652,800 was unfunded.

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. The schedule of funding progress presented below as required supplementary information is intended to provide multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

STATE OF LOUISIANA  
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT

Notes to Financial Statements

June 30, 2012

**(8) Post Retirement Health Care and Life Insurance Benefits**

**Required Supplementary Information  
Schedule of Funding Progress**

Actuarial valuation date		7/1/2011	7/1/2010	7/1/2009
Actuarial value of assets	a	-	-	-
Actuarial accrued liability (AAL)	b	\$ 652,800	843,700	914,300
Unfunded AAL (UAAL)	b-a	\$ 652,800	843,700	914,300
Funded ratio	a/b	0%	0%	0%
Covered payroll	c	\$ 129,700	126,200	126,200
UAAL as a % of covered payroll	b-a/c	503%	669%	725%

For the three valuation periods above, the unfunded actuarial accrued liability is being amortized as a level percentage of payroll over an open amortization period of thirty years.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the 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 methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 7.5% and 8.6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The Natchitoches Levee and Drainage District's unfunded actuarial accrued liability is being amortized as a level percentage of payroll over an open amortization period of thirty years.

**(9) Long-Term Liabilities**

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2012:

	Balance June 30, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2012</u>	Amounts Due Within <u>One Year</u>
Compensated absences	\$ 16,203	6,947	(12,671)	10,479	-
OPEB payable	<u>138,077</u>	<u>44,600</u>	<u>(17,123)</u>	<u>165,554</u>	<u>-</u>
Total long-term liabilities	<u>\$ 154,280</u>	<u>51,547</u>	<u>(29,794)</u>	<u>176,033</u>	<u>-</u>

**STATE OF LOUISIANA  
NATCHITOCHEES LEVEE AND DRAINAGE DISTRICT**

**Notes to Financial Statements**

**June 30, 2012**

**(10) Levee District Taxes**

Article 6, Section 30 of the 1974 Louisiana Constitutions provides that the District may levy an annual tax not to exceed 5.0 mills to construct and maintain levees, levee drainage, flood protection, hurricane flood protection, and all other purposes incidental thereto. For the 2011 taxes levied on the assessed value of property within the District, the adjusted mileage rate was set at 4.22 mills.

**(11) Risk Management**

The Natchitoches Levee and Drainage District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage to protect against each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District.

**(12) Contingent Liabilities**

There was no outstanding litigation against the Natchitoches Levee and Drainage District at June 30, 2012.

**(13) Related Party Transactions**

The Natchitoches Levee and Drainage District had no related party transactions in the year ended June 30, 2012.

**(14) Evaluation of Subsequent Events**

The District has evaluated subsequent events through September 4, 2012, the date which the financial statements were available to be issued.

**STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT**

**Schedule of Commissioners' Per Diem**

**For the Year Ended June 30, 2012**

<u>Name</u>	<u>Amount</u>
Adolph Sklar, Jr.	\$ 525
Billy Giddens	675
Charles Brazzel, Jr.	675
Doris Roge	900
Janet Jones	900
Karlton Methvin, President	12,000
Mark Swafford	900
Ronald Corkern	900
Rayburn Smith	<u>525</u>
	\$ <u><u>18,000</u></u>

Natchitoches Levee & Drainage District  
STATE OF LOUISIANA  
Annual Financial Statements  
June 30, 2012

C O N T E N T S

Affidavit

Management's Discussion and Analysis (MD&A)

	Statements
Balance Sheet	A
Statement of Revenues, Expenses, and Changes in Fund Net Assets	B
Statement of Activities (including Instructions for Simplified Statement of Activities)	C
Statement of Cash Flows	D
Notes to the Financial Statements	

Notes	Note Name
A.	Summary of Significant Accounting Policies
B.	Budgetary Accounting
C.	Deposits with Financial Institutions and Investments
D.	Capital Assets – Including Capital Lease Assets
E.	Inventories
F.	Restricted Assets
G.	Leave
H.	Retirement System
I.	Other Postemployment Benefits
J.	Leases
K.	Long-Term Liabilities
L.	Contingent Liabilities
M.	Related Party Transactions
N.	Accounting Changes
O.	In-Kind Contributions
P.	Defeased Issues
Q.	Revenues or Receivables – Pledged or Sold (GASB 48)
R.	Government-Mandated Nonexchange Transactions (Grants)
S.	Violations of Finance-Related Legal or Contractual Provisions
T.	Short-Term Debt
U.	Disaggregation of Receivable Balances
V.	Disaggregation of Payable Balances
W.	Subsequent Events
X.	Segment Information
Y.	Due to/Due from and Transfers

- Z. Liabilities Payable from Restricted Assets
- AA. Prior-Year Restatement of Net Assets
- BB. Net Assets Restricted by Enabling Legislation
- CC. Impairment of Capital Assets
- DD. Employee Termination Benefits
- EE. Pollution Remediation Obligations
- FF. American Recovery and Reinvestment Act (ARRA)
- GG. Restricted Net Assets – Other Purposes

Schedules

- 1 Schedule of Per Diem Paid to Board Members
- 15 Schedule of Comparison Figures and Instructions

STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ended June 30, 2012

**Natchitoches Levee & Drainage District**  
**P.O. Box 1036**  
**Natchitoches, Louisiana 71458**

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

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Physical Address:  
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Baton Rouge, Louisiana 70802

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

AFFIDAVIT

Personally came and appeared before the undersigned authority, Ronald Corkern, Assistant Secretary of Natchitoches Levee & Drainage District who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position Natchitoches Levee & Drainage District at June 30, 2012 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 5<sup>th</sup> day of September, 2012.

  
Signature of Agency Official

  
NOTARY PUBLIC  
15666

Prepared by: Robert J. Furman, CPA

Title: Partner, Griffin & Company, LLC

Telephone No.: 985-727-9924

Date: September 4, 2012

Email Address: rfurman@griffinandco.com

**STATE OF LOUISIANA  
NATCHITOCHE LEVEE & DRAINAGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2012**

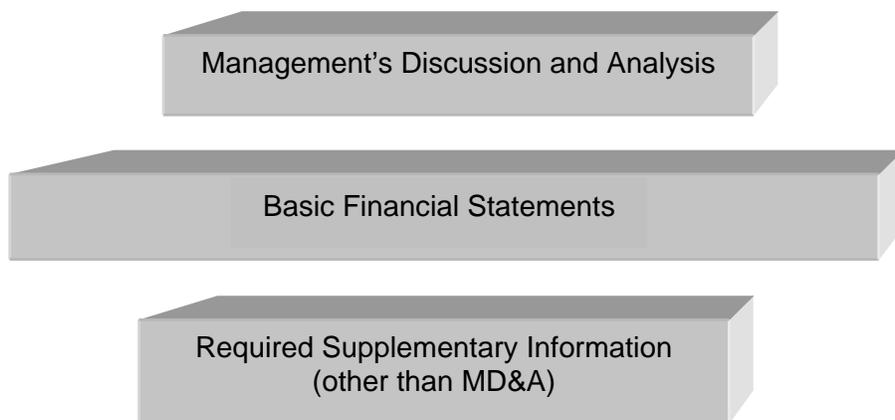
Management's Discussion and Analysis of the Natchitoches Levee & Drainage District's financial performance presents a narrative overview and analysis of Natchitoches Levee & Drainage District's financial activities for the year ended June 30, 2012. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the Natchitoches Levee & Drainage District's financial statements.

**FINANCIAL HIGHLIGHTS**

- The District's assets exceeded its liabilities at the close of fiscal year 2012 by \$2,120,769. Assets consist primarily of cash, certificates of deposit, and capital assets. Net assets increased by \$1,065,274 or 100.93% compared to the prior fiscal year.
- The District's revenues totaled \$1,625,561 for the year ended June 30, 2012. These revenues are comprised primarily of state appropriations, taxes, state revenue sharing, and interest income. Revenues increased \$994,852 or 157.74% compared to the prior fiscal year.
- The District's expenditures totaled \$558,817 for the year ended June 30, 2012. These expenditures are comprised primarily of personnel and operating services. Expenditures decreased \$60,020 or 9.70% compared to the prior fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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



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

**STATE OF LOUISIANA  
NATCHITOCHEES LEVEE & DRAINAGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2012**

**Basic Financial Statements**

The basic financial statements present information for the Natchitoches Levee & Drainage District's as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance Sheet; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Balance Sheet presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Natchitoches Levee & Drainage District's is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents information showing how Natchitoches Levee & Drainage 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 transactions included that will not affect cash until future fiscal periods.

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

**FINANCIAL ANALYSIS OF THE ENTITY**

Statement of Net Assets  
as of June 30, 2012  
(in thousands)

	Total	
	2012	2011
Current and other assets	\$ 1,238	\$ 1,048
Capital assets	1,065	167
Total assets	<u>2,303</u>	<u>1,215</u>
Other liabilities	6	7
Long-term debt outstanding	176	153
Total liabilities	<u>182</u>	<u>160</u>
Net assets:		
Invested in capital assets, net of debt	1,065	167
Restricted	-	-
Unrestricted	1,056	888
Total net assets	<u>\$ 2,121</u>	<u>\$ 1,055</u>

**STATE OF LOUISIANA  
NATCHITOCHE LEVEE & DRAINAGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2012**

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

Net assets of Natchitoches Levee & Drainage District increased by \$1,065,274, or 100.93%, from June 30, 2011 to June 30, 2012. The increase is primarily due to a state appropriation of \$942,047 for a capital project and an increase in the amount of ad valorem taxes received during the year.

Statement of Revenues, Expenses, and Changes in Fund Net Assets  
for the years ended June 30, 2012  
(in thousands)

	Total	
	2012	2011
Operating revenues	\$ -	\$ -
Operating expenses	559	619
Operating income(loss)	(559)	(619)
Non-operating revenues	1,626	631
Non-operating expenses *	-	-
Income(loss) before transfers	1,067	12
Transfers in	-	-
Transfers out	-	-
Net increase(decrease) in net assets	\$ 1,067	\$ 12

\* Enter expenses as a negative amount

The Natchitoches Levee & Drainage District's total revenues increased by \$ 994,852 or (157.74%). The total cost of all programs and services decreased by \$60,020 or 9.70%.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year ended June 30, 2012, the Natchitoches Levee & Drainage District's had \$1,064,534 invested in a broad range of capital assets, including land improvements, equipment and vehicles. This amount represents a net increase of \$898,008, or 539.26%, over last year.

**STATE OF LOUISIANA  
NATCHITOCHEES LEVEE & DRAINAGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2012**

This year's major additions included (in thousands):

- \$942 of land improvements

	<u>2012</u>	<u>2011</u>
Land Improvement	\$ 930,271	\$ -
Buildings and improvements	2,458	3,687
Equipment	131,805	162,839
Infrastructure	-	-
Intangible Assets	-	-
Totals	<u>\$ 1,064,534</u>	<u>\$ 166,526</u>

**Debt**

The District had no bonds and notes outstanding at June 30, 2012.

There was no debt issued from July 1, 2011 to June 30, 2012.

The District has obligations for compensated absences of \$10,479. The obligations decreased from \$16,203 for a decrease of \$5,724 or 35.33%.

The District has obligations for other post employment retirement benefits of \$165,554. The obligations increased from \$138,077 for an increase of \$27,477 or 19.90%.

**VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS**

Revenues were \$1,021,561 over budget and expenditures were \$1,435,073 over budget. This is primarily due to the budget not including the revenue and expenditures associated with the Lower Cane River Flood Gate project as well as the District electing not to roll the tax millage back upon reassessment.

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

The Natchitoches Levee & Drainage District's elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees:

- Ad valorem taxes
- Interest income
- Intergovernmental revenues (state and local grants)

The management of the District does not expect any significant changes in next year's results compared to the current year.

**STATE OF LOUISIANA  
NATCHITOCHEES LEVEE & DRAINAGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2012**

**CONTACTING THE NATCHITOCHEES LEVEE & DRAINAGE DISTRICT MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors 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 Karlton Methvin, President, Post Office Box 1036, Natchitoches, Louisiana 71458.

**STATE OF LOUISIANA  
NATCHITOCHEES LEVEE & DRAINAGE DISTRICT  
BALANCE SHEET  
AS OF JUNE 30, 2012**

**Statement A**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$ 1,226,342
Restricted Cash and Cash Equivalents	-
Investments	-
Derivative instrument	-
Deferred outflow of resources	-
Receivables (net of allowance for doubtful accounts)(Note U)	-
Due from other funds (Note Y)	-
Due from federal government	-
Inventories	-
Prepayments	12,405
Notes receivable	-
Other current assets	-
<b>Total current assets</b>	<b>1,238,747</b>

**NONCURRENT ASSETS:**

Restricted assets (Note F):	-
Cash	-
Investments	-
Receivables	-
Investments	-
Notes receivable	-
Capital assets, net of depreciation (Note D)	-
Land and non-depreciable easements	-
Buildings and improvements	2,458
Machinery and equipment	131,805
Infrastructure	930,271
Intangible assets	-
Construction/Development-in-progress	-
Other noncurrent assets	-
<b>Total noncurrent assets</b>	<b>1,064,534</b>
<b>Total assets</b>	<b>\$ 2,303,281</b>

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable and accruals (Note V)	\$ 6,479
Derivative instrument	-
Deferred inflow of resources	-
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: (Note K)	-
Contracts payable	-
Compensated absences payable	-
Capital lease obligations	-
Claims and litigation payable	-
Notes payable	-
Pollution remediation obligation	-
Bonds payable (include unamortized costs)	-
Other long-term liabilities	-
<b>Total current liabilities</b>	<b>6,479</b>

**NONCURRENT LIABILITIES: (Note K)**

Contracts payable	-
Compensated absences payable	10,479
Capital lease obligations	-
Claims and litigation payable	-
Notes payable	-
Pollution remediation obligation	-
Bonds payable (include unamortized costs)	-
OPEB payable	165,554
Other long-term liabilities	-
<b>Total noncurrent liabilities</b>	<b>176,033</b>
<b>Total liabilities</b>	<b>182,512</b>

**NET ASSETS**

Invested in capital assets, net of related debt	1,064,534
Restricted for:	-
Capital projects	-
Debt Service	-
Unemployment compensation	-
Other specific purposes	-
Unrestricted	1,056,235
<b>Total net assets</b>	<b>2,120,769</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,303,281</b>

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

**STATE OF LOUISIANA  
NATCHITOCHEs LEVEE & DRAINAGE DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2012**

**Statement B**

<b>OPERATING REVENUE</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	288,978
Administrative	225,800
Depreciation	44,039
Amortization	-
Total operating expenses	558,817
Operating income(loss)	(558,817)
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
State appropriations	942,047
Intergovernmental revenues(expenses)	40,143
Taxes	636,698
Use of money and property	-
Gain on disposal of fixed assets	-
Loss on disposal of fixed assets	-
Federal grants	-
Interest expense	6,673
Other revenue	-
Other expense	-
Total non-operating revenues(expenses)	1,625,561
Income(loss) before contributions, extraordinary items, & transfers	1,066,744
Capital contributions	-
Extraordinary item - Loss on impairment of capital assets	-
Transfers in	-
Transfers out	-
Change in net assets	1,066,744
Total net assets – beginning	1,054,025
Total net assets – ending	\$ 2,120,769

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

**STATE OF LOUISIANA  
NATCHITOCHEs LEVEE & DRAINAGE DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012**

**Statement C**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Entity	\$ <u>558,817</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(558,817)</u>
General revenues:				
Taxes				<u>636,698</u>
State appropriations				<u>942,047</u>
Grants and contributions not restricted to specific programs				<u>-</u>
Interest				<u>6,673</u>
State Revenue Sharing				<u>40,143</u>
Special items				<u>-</u>
Extraordinary item - Loss on impairment of capital assets				<u>-</u>
Transfers				<u>-</u>
Total general revenues, special items, and transfers				<u>1,625,561</u>
Change in net assets				<u>1,066,744</u>
Net assets - beginning as restated				<u>1,054,025</u>
Net assets - ending				\$ <u>2,120,769</u>

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA  
NATCHITOCHEs LEVEE & DRAINAGE DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2012**

**Statement D**  
(continued)

<b>Cash flows from operating activities</b>		
Cash receipts from customers	-	
Cash receipts from interfund services provided	-	
Other operating cash receipts, if any	-	
Cash payments to suppliers for goods or services	(227,672)	
Cash payments to employees for services	(264,861)	
Cash payments for interfund services used, including payments "In Lieu of Taxes"	-	
Other operating cash payments, if any	-	
Net cash provided(used) by operating activities		<u>(492,533)</u>
<b>Cash flows from non-capital financing activities</b>		
State appropriations	942,047	
Ad valorem taxes	636,698	
State revenue sharing	40,143	
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	-	
Transfers in	-	
Transfers out	-	
Other	-	
Net cash provided(used) by non-capital financing activities		<u>1,618,888</u>
<b>Cash flows from capital and related financing activities</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	(942,047)	
Proceeds from sale of capital assets	-	
Capital contributions	-	
Other	-	
Net cash provided(used) by capital and related financing activities		<u>(942,047)</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	6,674	
Net cash provided(used) by investing activities		<u>6,674</u>
Net increase(decrease) in cash and cash equivalents		<u>190,982</u>
Cash and cash equivalents at beginning of year		<u>1,035,360</u>
Cash and cash equivalents at end of year	\$	<u><u>1,226,342</u></u>

**STATE OF LOUISIANA  
NATCHITOCHE LEVEE & DRAINAGE DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2012**

**Statement D  
(concluded)**

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

Operating income(loss)		\$ <u>(558,817)</u>
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:		
Depreciation/amortization	44,039	
Provision for uncollectible accounts	-	
Prior year adjustment	(1,470)	
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	1,088	
Increase(decrease) in accounts payable and accruals	874	
Increase(decrease) in compensated absences payable	(5,724)	
Increase(decrease) in due to other funds	-	
Increase(decrease) in deferred revenues	-	
Increase(decrease) in OPEB payable	27,477	
Increase(decrease) in other liabilities	-	
Net cash provided(used) by operating activities		\$ <u><u>(492,533)</u></u>

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

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

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA  
NATCHITOCHES LEVEE & DRAINAGE DISTRICT  
Notes to the Financial Statement  
As of and for the year ended June 30, 2012**

**INTRODUCTION**

The Natchitoches Levee and Drainage District was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38:291(H). The following is a brief description of the operations of Natchitoches Levee and Drainage District and includes the parish/parishes in which the Commission is located: the Levee District includes most of Natchitoches Parish. The Levee District primarily provides flood protection for those areas contained in the District. The Board of Commissioners administers the operations and responsibilities of the Levee District in accordance with the provisions of Louisiana statute. The eight members of the Board of Commissioners which governs the District are appointed by the governor of the State of Louisiana.

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

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

The accompanying financial statements of the Natchitoches Levee & Drainage District present information only as to the transactions of the programs of the Natchitoches Levee & Drainage 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 Natchitoches Levee & Drainage District 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.

**STATE OF LOUISIANA  
NATCHITOCHEES LEVEE & DRAINAGE DISTRICT  
Notes to the Financial Statement  
As of and for the year ended June 30, 2012**

**B. BUDGETARY ACCOUNTING**

The appropriations made for the operations of the various programs of the Natchitoches Levee & Drainage District are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Committee on the Budget, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>604,000</u>
Amendments:	-
Final approved budget	\$ <u><u>604,000</u></u>

**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 Natchitoches Levee & Drainage District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Natchitoches Levee & Drainage District may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

**STATE OF LOUISIANA  
NATCHITOCHEs LEVEE & DRAINAGE DISTRICT  
Notes to the Financial Statement  
As of and for the year ended June 30, 2012**

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 required to be held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

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

The deposits at June 30, 2012, consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Deposits per Balance Sheet (Reconciled bank balance)	\$ 288,533	\$ 937,809	\$ -	\$ 1,226,342
Deposits in bank accounts per bank	\$ 289,709	\$ 937,809	\$ -	\$ 1,227,518
Bank balances exposed to custodial credit risk:	\$ 39,709	\$ -	\$ -	\$ -
a. Uninsured and uncollateralized	39,709	-	-	-
b. Uninsured and collateralized with securities held by the pledging institution	-	-	-	-
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name	-	-	-	-

NOTE: The "Deposits in bank accounts per bank" will not necessarily equal the "Deposits per Balance Sheet" due to outstanding items.

**STATE OF LOUISIANA  
NATCHITOCHEES LEVEE & DRAINAGE DISTRICT  
Notes to the Financial Statement  
As of and for the year ended June 30, 2012**

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

1.	Peoples State Bank	Checking	\$	289,709
2.	Susquehanna Bank	Operation		248,595
3.	The Independent Bankers Bank	Operation		248,595
4.	Ever Bank	Operation		129,903
5.	Monarch Bank	Operation		170,125
6.	Sovereign Bank	Operation		140,591
Total			\$	<u>1,227,518</u>

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	\$	<u>                    </u>
Petty cash	\$	<u>                    </u>

- 2. INVESTMENTS – NOT APPLICABLE
  - 3. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES – NOT APPLICABLE
  - 4. DERIVATIVES (GASB 53) – NOT APPLICABLE
  - 5. POLICIES – NOT APPLICABLE
  - 6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS – NOT APPLICABLE
- D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS**

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

**STATE OF LOUISIANA  
NATCHITOCHE LEVEE & DRAINAGE DISTRICT  
Notes to the Financial Statement  
As of and for the year ended June 30, 2012**

Schedule of Capital Assets (includes capital leases)

<u>Agency</u>	Balance 6/30/2011	Prior Period Adjustments	Restated Balance 6/30/2011	Additions	* Reclassifi- cation of CIP	** Retirements	Balance 6/30/2012
Capital assets not depreciated:							
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-depreciable land improvements	-	-	-	-	-	-	-
Non-depreciable easements	-	-	-	-	-	-	-
Capitalized collections	-	-	-	-	-	-	-
Software - development in progress	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Total capital assets not depreciated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other capital assets:							
Depreciable land improvements	\$ -	\$ -	\$ -	\$ 942,047	\$ -	\$ -	\$ 942,047
** Accumulated depreciation	-	-	-	(11,776)	-	-	(11,776)
Total land improvements	-	-	-	930,271	-	-	930,271
Buildings	12,290	-	12,290	-	-	-	12,290
** Accumulated depreciation	(8,603)	-	(8,603)	(1,229)	-	-	(9,832)
Total buildings	3,687	-	3,687	(1,229)	-	-	2,458
Machinery & equipment	485,848	-	485,848	-	-	-	485,848
** Accumulated depreciation	(323,009)	-	(323,009)	(31,034)	-	-	(354,043)
Total machinery & equipment	162,839	-	162,839	(31,034)	-	-	131,805
Infrastructure	-	-	-	-	-	-	-
** Accumulated depreciation	-	-	-	-	-	-	-
Total infrastructure	-	-	-	-	-	-	-
Software (internally generated & purchased)	-	-	-	-	-	-	-
Other intangibles	-	-	-	-	-	-	-
** Accumulated amortization - software	-	-	-	-	-	-	-
** Accumulated amortization - other intangibles	-	-	-	-	-	-	-
Total intangibles	-	-	-	-	-	-	-
Total other capital assets	\$ 166,526	\$ -	\$ 166,526	\$ 898,008	\$ -	\$ -	\$ 1,064,534
Capital asset summary:							
Capital assets not depreciated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other capital assets, book value	498,138	-	498,138	942,047	-	-	1,440,185
Total cost of capital assets	498,138	-	498,138	942,047	-	-	1,440,185
Accumulated depreciation/amortization	(331,612)	-	(331,612)	(44,039)	-	-	(375,651)
Capital assets, net	\$ 166,526	\$ -	\$ 166,526	\$ 898,008	\$ -	\$ -	\$ 1,064,534

\* Should only be used for those completed projects coming out of construction-in-progress to capital assets.

\*\* Enter a negative number except for accumulated depreciation in the retirement column

**STATE OF LOUISIANA  
NATCHITOCHEES LEVEE & DRAINAGE DISTRICT  
Notes to the Financial Statement  
As of and for the year ended June 30, 2012**

**E. INVENTORIES – NOT APPLICABLE**

**F. RESTRICTED ASSETS – NOT APPLICABLE**

**G. LEAVE**

**1. COMPENSATED ABSENCES**

The Natchitoches Levee & Drainage District has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs 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 current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

**2. COMPENSATORY LEAVE – NOT APPLICABLE**

**H. RETIREMENT SYSTEM**

Substantially all of the employees of the Natchitoches Levee & Drainage District are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees. (Note: If LASERS is not your entity's retirement system, indicate the retirement system that is and replace any wording in this note that doesn't apply to your retirement system with the applicable wording.)

All full-time Natchitoches Levee & Drainage District employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

**STATE OF LOUISIANA  
NATCHITOCHE LEVEE & DRAINAGE DISTRICT  
Notes to the Financial Statement  
As of and for the year ended June 30, 2012**

Vested employees eligible to begin participation in the DBP before July 1, 2006, 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. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2011 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. A copy of the report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:

[http://www.lasersonline.org/uploads/2011\\_CAFR\\_web\\_version.pdf](http://www.lasersonline.org/uploads/2011_CAFR_web_version.pdf)

All members are required by state statute to contribute with the vast majority of employees of the state who became members before July 1, 2006 contributing 7.5% of gross salary. Act 75 of the 2005 Regular Session increases the member contribution rate from 7.5% to 8% for new members hired after June 30, 2006. The District is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2012, increased to 25.6% of annual covered payroll from the 22.0% and 18.6% required in fiscal years ended June 30, 2011 and 2010 respectively. The Natchitoches Levee & Drainage District contributions to the System for the years ending June 30, 2012, 2011, and 2010, were \$33,682, \$32,440, and \$26,121, respectively, equal to the required contributions for each year.

**I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses accounting and financial reporting for OPEB trust and agency funds of the employer. GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* establishes standards of accounting and financial reporting for OPEB expense/expenditures and related OPEB liabilities or OPEB assets, note disclosures, and required supplementary information (RSI) in the financial reports of governmental employers. See the GASB Statement No. 45 note disclosures requirements in section 2 of this note.

1. Calculation of Net OPEB Obligation

Complete the following table for only the net OPEB obligation (NOO) related to OPEB administered by the Office of Group Benefits. The ARC, NOO at the beginning of the year, interest, ARC adjustment, and Annual OPEB Expense have been computed for OGB participants (see OSRAP's website - <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>) and select "GASB 45 OPEB Valuation Report as of July 1, 2011, to be used for fiscal year ending June 30, 2012." Report note disclosures for other plans, not administrated by OGB, separately.

**STATE OF LOUISIANA  
NATCHITOCHE LEVEE & DRAINAGE DISTRICT  
Notes to the Financial Statement  
As of and for the year ended June 30, 2012**

Annual OPEB expense and net OPEB Obligation

Fiscal year ending	6/30/2012
1. * ARC	\$44,400
2. * Interest on NOO	5,500
3. * ARC adjustment	5,300
4. * Annual OPEB Expense (1. + 2. - 3.)	44,600
5. Contributions (employer pmts. to OGB for retirees' cost of 2012 insurance premiums)	17,123
6. Increase in Net OPEB Obligation (4. - 5.)	27,477
7. *NOO, beginning of year (see actuarial valuation report on OSRAP's website)	138,077
8. **NOO, end of year (6. + 7.)	\$165,554

\*This must be obtained from the OSRAP website on the spreadsheet "GASB 45 OPEB Valuation Report as of July 1, 2011, to be used for fiscal year ending June 30, 2012."

\*\*This should be the same amount as that shown on the Balance Sheet for the year ended June 30, 2012 if your entity's only OPEB is administered by OGB.

**J. LEASES – NOT APPLICABLE**

**K. LONG-TERM LIABILITIES**

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2012:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Amounts due within one year
<b>Notes and bonds payable:</b>					
Notes payable	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds payable	-	-	-	-	-
Total notes and bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other liabilities:</b>					
Contracts payable	-	-	-	-	-
Compensated absences payable	16,203	6,947	12,671	10,479	-
Capital lease obligations	-	-	-	-	-
Claims and litigation	-	-	-	-	-
Pollution remediation obligation	-	-	-	-	-
OPEB payable	138,077	44,600	17,123	165,554	-
Other long-term liabilities	-	-	-	-	-
Total other liabilities	<u>154,280</u>	<u>51,547</u>	<u>29,794</u>	<u>176,033</u>	<u>-</u>
Total long-term liabilities	\$ <u>154,280</u>	\$ <u>51,547</u>	\$ <u>29,794</u>	\$ <u>176,033</u>	\$ <u>-</u>

**L. CONTINGENT LIABILITIES – NOT APPLICABLE**

**M. RELATED PARTY TRANSACTIONS – NOT APPLICABLE**

**N. ACCOUNTING CHANGES – NOT APPLICABLE**

**O. IN-KIND CONTRIBUTIONS – NOT APPLICABLE**

STATE OF LOUISIANA  
 NATCHITOCHEES LEVEE & DRAINAGE DISTRICT  
 Notes to the Financial Statement  
 As of and for the year ended June 30, 2012

- P. DEFEASED ISSUES – NOT APPLICABLE
- Q. REVENUES – PLEDGED OR SOLD (GASB 48) – NOT APPLICABLE
- R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) - NOT APPLICABLE
- S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS – NOT APPLICABLE
- T. SHORT-TERM DEBT – NOT APPLICABLE
- U. DISAGGREGATION OF RECEIVABLE BALANCES
- V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2012, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
General Fund	\$ 1,558	\$ 4,921	\$	\$	\$ 6,479
					-
Total payables	\$ 1,558	\$ 4,921	\$ -	\$ -	\$ 6,479

- W. SUBSEQUENT EVENTS – NOT APPLICABLE
- X. SEGMENT INFORMATION – NOT APPLICABLE
- Y. DUE TO/DUE FROM AND TRANSFERS – NOT APPLICABLE
- Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS – NOT APPLICABLE
- AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS – NOT APPLICABLE
- BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB 46) – NOT APPLICABLE
- CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES – NOT APPLICABLE
- EE. POLLUTION REMEDIATION OBLIGATIONS – NOT APPLICABLE
- FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) – NOT APPLICABLE
- GG. RESTRICTED NET ASSETS – OTHER SPECIFIC PURPOSES – NOT APPLICABLE



**STATE OF LOUISIANA**  
**NATCHITOCHEs LEVEE & DRAINAGE DISTRICT**  
**COMPARISON FIGURES**

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than **\$3 million**, explain the reason for the change.

	<u>2012</u>	<u>2011</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 1,625,561	\$ 630,709	\$ 994,852	157.7%
Expenses	558,817	618,837	(60,020)	(9.7%)
2) Capital assets	1,064,534	166,526	(898,008)	(539.3%)
Long-term debt	176,033	154,280	21,753	14.1%
Net Assets	2,120,769	1,055,495	1,065,274	100.9%
Explanation for change:	<hr/> <hr/> <hr/> <hr/>			

**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  
Natchitoches Levee and Drainage District  
Natchitoches, Louisiana**

We have audited the basic financial statements of the Natchitoches Levee and Drainage District, a component unit of the State of Louisiana, as of and for the year ended June 30, 2012, and have issued our report dated September 4, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of American and the standards applicable to financial audit contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Natchitoches Levee and Drainage District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weakness and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 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. We did not identify any deficiencies internal control over financial reporting that we consider to be material weaknesses, as defined above.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the District's internal control to be a significant deficiency:

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the District's annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Natchitoches Levee and Drainage District's financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Natchitoches Levee and Drainage District, management and the Louisiana State Legislative Auditor and is not intended to be, and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Griffin & Company, LLC*

September 4, 2012

STATE OF LOUISIANA

NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT

Schedule of Findings and Management Corrective Action Plan

For the Year Ended June 30, 2012

Summary of Audit Results:

1. Type of Report Issued – Unqualified
2. Internal Control Over Financial Reporting
  - a. Significant Deficiencies – Yes (2012-1)
  - b. Material Weaknesses – No
3. Compliance and Other Matters – Yes (2012-2 & 2012-3)
4. Management Letter - No

Finding 2012-1:

*Criteria:*

Management is responsible for developing internal controls related to the preparation of financial statements as well as preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

*Condition & Cause:*

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the District's annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Recently issued Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

*Recommendation:*

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 115. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

*Management Corrective Action Plan:*

In response to the finding, management feels that it is a prudent use of funds to engage the auditor to prepare the District's annual financial reports. We therefore agree with the auditors' recommendation that no correction action is necessary.

STATE OF LOUISIANA

NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT

Schedule of Findings and Management Corrective Action Plan

For the Year Ended June 30, 2012

**Finding 2012-2:**

*Criteria:*

The District is required to reimburse travel expenses in accordance with the state general travel regulations (Policy and Procedures Memorandum No. 49 – PPM No. 49).

*Condition & Cause:*

During the current year, the District reimbursed certain travel costs at per diem rates that exceeded those specified by PPM No. 49. Additionally, it was noted that certain mileage reimbursements were not supported with detailed calculations of the amounts reimbursed. These instances were caused by the District utilizing a per diem schedule obtained from another agency and failing to adequately document mileage reimbursements.

*Recommendation:*

We recommend the administration of the District review PPM No. 49 annually and reimburse travel expenses in strict accordance with this guidance.

*Management Corrective Action Plan:*

The District will review PPM No. 49 at the beginning of each year and reimburse travel costs in strict accordance with this guidance.

**Finding 2012-3:**

*Criteria:*

In accordance with R.S. 39:1225, the District is required to obtain collateral for all deposit balances that exceed deposit insurance limits.

*Condition & Cause:*

As of June 30, 2012, the District had uninsured and uncollateralized cash deposit balances of \$39,709. Per correspondence with the financial institution, this was due to the employee responsible for pledging collateral being on out of the office at year end. Subsequently, the financial institution did pledge securities as collateral for all deposit balances in excess of deposit insurance.

*Recommendation:*

We recommend the District monitor pledge reports from the financial institution to ensure collateral is pledged anytime the District's deposit balances exceed deposit insurance limits.

*Management Corrective Action Plan:*

The District believes this to be an isolated instance however we will closely monitor this to ensure collateral is pledged anytime the District's deposit balances exceed deposit insurance limits.

STATE OF LOUISIANA

NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT

Status of Prior Audit Findings

June 30, 2012

The prior audit findings for the Natchitoches Levee and Drainage District are as followings:

**Finding 2011-1:**

*Criteria:*

Management is responsible for developing internal controls related to the preparation of financial statements as well as preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

*Condition & Cause:*

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the District's annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Recently issued Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

*Recommendation:*

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 115. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

*Management Corrective Action Plan:*

In response to the finding, management feels that it is a prudent use of funds to engage the auditor to prepare the District's annual financial reports. We therefore agree with the auditors' recommendation that no correction action is necessary.

*Status:*

There is no change in the status of this comment.