
Kelton & Company

*A Corporation of Certified
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INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF FEDERAL
FINANCIAL ASSISTANCE

To the Board of Commissioners of the
South Terrebonne Parish Tidewater
Management and Conservation District

We have audited the general-purpose financial statements of the South Terrebonne Parish Tidewater Management and Conservation District, a component unit of the State of Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated October 10, 1996. These general-purpose financial statements are the responsibility of the South Terrebonne Parish Tidewater Management and Conservation District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements of the South Terrebonne Parish Tidewater Management and Conservation District taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

Kelton & Company

October 10, 1996

SOUTH TERREBONNE PARISH
TIDEWATER MANAGEMENT AND CONSERVATION DISTRICT

13

Schedule of Per Diem Payments and Travel Reimbursements
Paid to the Board of Commissioners
and Salary Payments and Travel Reimbursements Paid to Officers

For the Year Ended June 30, 1996

The per diem payments included below are authorized by Louisiana Revised Statutes and are presented in compliance with House Concurrent Resolution Number 54 of the 1979 Session of the Louisiana Legislature.

Per diem (at \$75 per day) and travel reimbursements (in accordance with state law) paid to the Board of Commissioners for the year ending June 30, 1996 are as follows:

	<u>Number of Days</u>	<u>Total Payments</u>
Roger Dale Pellegrin, President	24	\$ 2,136
Walton Daisy, Vice President	24	2,563
Eugene Pellegrin	24	2,088
Leward Henry	24	1,994
S.T. Kennedy	24	2,397
David Crochet	24	2,029
Raymond Authement	24	<u>2,140</u>
Total payments during period		<u>\$ 15,347</u>

Payments to officers for the year ended June 30, 1996 are as follows:

Jim Erny, Executive Director and Secretary to Board		
Salary payments (gross)		\$ 56,000
Travel reimbursements		<u>7,466</u>
Total payments during period		<u>\$ 63,466</u>

Notes to Financial Statements

B. Funding status and progress - (continued)

	June 30, 1995
Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 2,697,362,301
Current employees:	
Accumulated employee contributions	886,864,495
Employer-financed vested	1,748,809,378
Employer-financed nonvested	363,873,082
Total pension benefit obligation	5,696,909,256
Net assets available for benefits, at cost (actuarial market value \$3,665,863,068)	3,589,501,958
Unfunded pension benefit obligation (actuarial value \$2,031,046,188)	\$ 2,107,407,298

The ten year historical trend information required by the Governmental Accounting Standards Board is included in the separately issued public employee retirement system (PERS) report of the Louisiana State Employees Retirement System.

7. Health care and other fringe benefits

The District provided health insurance through May 1, 1996 for commissioners and continues to provide health insurance for employees of the District at no cost to the commissioners or employees. The cost to the District for this insurance was approximately \$100,000 for the fiscal year ended June 30, 1996.

The District also provides vacation, sick, and compensatory leave time to its employees. The liability for these compensated absences is accrued annually. The total liability was approximately \$62,000 as of June 30, 1996. These amounts are included in liabilities of the General Fund on the Combined Balance Sheet - All Fund Types and Account Groups.

8. Commitments

The District entered into four separate agreements for construction contracts which were in progress at June 30, 1996. A summary of the construction contracts in progress at June 30, 1996 is as follows:

SOUTH TERREBONNE PARISH
TIDEWATER MANAGEMENT AND CONSERVATION DISTRICT

Schedule of Federal Financial Assistance
For the Year Ended June 30, 1996

<u>Federal Grantor/ Pass-Through Grantor Name/ Program Title</u>	<u>CFDA Number</u>	<u>Revenue</u>	<u>Expenditures</u>
Other federal assistance United States Department of Agriculture - Natural Resources Conservation Services/Hurricane Protection Levee Repairs	---	\$ 69,661	\$ 92,882
Total		<u>\$ 69,661</u>	<u>\$ 92,882</u>

See notes to Schedule of Federal Financial Assistance

SOUTH TERREBONNE PARISH
TIDEWATER MANAGEMENT AND CONSERVATION DISTRICT

Notes to Financial Statements

4. Receivables

Receivables at June 30, 1996 consist of the following:

Due from other governments	\$ 622,520
Property taxes due from ABLD	60,124
Other	305
	\$ 682,949
	\$ 682,949

5. Changes in General Fixed Assets

Changes in General Fixed Assets during the year ended June 30, 1996 were as follows:

	Equipment	Hurricane Protection System
Balance June 30, 1995	\$ 493,909	\$ 32,972,848
Additions	4,333	3,239,537
Balance June 30, 1996	\$ 498,242	\$ 36,212,385

The Hurricane Protection System is incomplete and was under construction as of June 30, 1996. The component projects of the Hurricane Protection System were at various stages of completion as of June 30, 1996.

6. Retirement system

A. Plan description

The District elected to include its employees in the Louisiana State Employees Retirement System (LASERS) effective December 30, 1986. All employees of the District are covered by this system effective on their date of employment. Retirement benefits and the vesting of these benefits are determined by the Louisiana State Employees Retirement System. Employees covered by the System are required to contribute a certain percentage of their compensation to the System. The District is also required to contribute a certain percentage of each covered employee's compensation to the System. The System provides for a defined benefit type retirement plan. The District's liability for providing these benefits is limited to the percentage of compensation contribution which is paid monthly by the District. The following information relates to this retirement system at June 30, 1996:

and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of South Terrebonne Parish Tidewater Management and Conservation District in a separate letter dated October 10, 1996.

This report is intended for the information of the Board of Commissioners and management of the South Terrebonne Parish Tidewater Management and Conservation District. However, this report is a matter of public record and its distribution is not limited.

Kelton & Company

October 10, 1996

Notes to Financial Statements

A. Plan description - (continued)

Current year covered payroll	\$	248,095
Current year total payroll	\$	287,337
Contributions required and made		
Employee	\$	18,607
Employer	\$	29,666
Percentage of compensation required as contribution		
Employee		7.5%
Employer		12.0%

B. Funding status and progress

The amount shown below as the "pension benefit obligation", which is the actuarial present value of credited projected benefits, is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among other public employee retirement systems. The measure is independent of the actuarial funding method used to determine contributions to the System.

The pension benefit obligation was computed as part of an actuarial valuation performed as of June 30, 1995, which is the date of the most recent valuation. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 8.25 percent a year, compounded annually, (b) projected salary increases ranging between 4.25 percent and 11.75 percent, depending upon the age of the individual based on a five year (1981-86) experience study of the System's members, (c) projected termination, disability, and retirement assumptions based on a five year (1981-86) experience study of the System's members, and (d) projected mortality rates based on the 1983 Sex Distinct Graduated Group Annuity Mortality Table with females set at attainment age plus one.

The total unfunded pension benefit obligation of \$2,107,407,298 applicable to the Louisiana State Employees Retirement System at June 30, 1995 was as follows:

SOUTH TERREBONNE PARISH
TIDEWATER MANAGEMENT AND CONSERVATION DISTRICT

16

Notes to Schedule of Federal Financial Assistance

1. General

The accompanying Schedule of Federal Financial Assistance presents the activity of the federal financial assistance programs of the South Terrebonne Parish Tidewater Management and Conservation District.

2. Basis of accounting

The accompanying Schedule of Federal Financial Assistance is presented using the modified accrual basis of accounting, which is described in note 1.C. to the District's general-purpose financial statements.

3. Relationship to general-purpose financial statements

Federal financial assistance revenues and expenditures are reported in the District's general-purpose financial statements and are included with intergovernmental revenues and capital outlay expenditures, respectively.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
BASED ON AN AUDIT OF GENERAL-PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners of the
South Terrebonne Parish Tidewater Management
and Conservation District

We have audited the general-purpose financial statements of the South Terrebonne Parish Tidewater Management and Conservation District, a component unit of the State of Louisiana, for the year ended June 30, 1996, and have issued our report thereon dated October 10, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement.

The management of the South Terrebonne Parish Tidewater Management and Conservation District is responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general-purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in internal control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general-purpose financial statements of the South Terrebonne Parish Tidewater Management and Conservation District for the year ended June 30, 1996, we obtained an understanding of internal control. With respect to internal control, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on general-purpose financial statements and not to provide an opinion on the internal control. Accordingly, we do not express such an opinion.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of internal control elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control and its operations that we consider to be material weaknesses as defined above.

We noted certain matters, however, involving internal control and its operation that we have reported to the management of South Terrebonne Parish Tidewater Management and Conservation District in a separate letter dated October 10, 1996.

This report is intended for the information of the Board of Commissioners and management of the South Terrebonne Parish Tidewater Management and Conservation District. However, this report is a matter of public record and its distribution is not limited.

Kelton & Company

October 10, 1996

limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories.

General Requirements

- * Political activity
- * Civil rights
- * Drug free workplace
- * Cash management
- * Federal financial reports
- * Allowable costs/cost principles
- * Administrative requirements

Specific Requirements

- * Types of services allowed or unallowed
- * Matching, level of effort, and/or earmarking requirements
- * Special reporting requirements, if any
- * Claims for advances and reimbursements
- * Amounts claimed or used for matching

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996, the South Terrebonne Parish Tidewater Management and Conservation District had no major federal financial assistance programs and expended 100% of its total federal financial assistance under the nonmajor programs listed in the Schedule of Federal Financial Assistance.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
LAWS AND REGULATIONS BASED ON AN AUDIT OF GENERAL-PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners of the
South Terrebonne Parish Tidewater
Management and Conservation District

We have audited the general-purpose financial statements of the South Terrebonne Parish Tidewater Management and Conservation District, a component unit of the State of Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated October 10, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the South Terrebonne Parish Tidewater Management and Conservation District is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants; however, the objective of our audit of the general-purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

The results of our tests disclosed immaterial instances of noncompliance with the above requirements, which we have communicated to the management of the South Terrebonne Parish Tidewater Management and Conservation District in a separate letter dated October 10, 1996.

This report is intended for the information of the Board of Commissioners and management of the South Terrebonne Parish Tidewater Management and Conservation District. However, this report is a matter of public record and its distribution is not limited.

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October 10, 1996

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Board of Commissioners of the
South Terrebonne Parish Tidewater
Management and Conservation District

We have audited the general-purpose financial statements of the South Terrebonne Parish Tidewater Management and Conservation District, a component unit of the State of Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated October 10, 1996.

We have applied procedures to test the South Terrebonne Parish Tidewater Management and Conservation District's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1996: political activity, civil rights, drug free workplace, cash management, federal financial reports, allowable costs/cost principles, and administrative requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the South Terrebonne Parish Tidewater Management and Conservation District's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the South Terrebonne Parish Tidewater Management and Conservation District had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of the Board of Commissioners and management of the South Terrebonne Parish Tidewater Management and Conservation District. However, this report is a matter of public record and its distribution is not limited.

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October 10, 1996

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

To the Board of Commissioners of the
South Terrebonne Parish Tidewater
Management and Conservation District

We have audited the general-purpose financial statements of the South Terrebonne Parish Tidewater Management and Conservation District, a component unit of the State of Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated October 10, 1996.

In connection with our audit of the general-purpose financial statements of the South Terrebonne Parish Tidewater Management and Conservation District, and with our consideration of the District's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audits of State and Local Governments", we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1996.

As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; matching, level of effort, and/or earmarking requirements; special reporting requirements, if any; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the District's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the South Terrebonne Parish Tidewater Management and Conservation District had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of the Board of Commissioners and the management of the South Terrebonne Parish Tidewater Management and Conservation District. However, this report is a matter of public record and its distribution is not limited.

October 10, 1996

Kelton & Company

SOUTH TERREBONNE PARISH
TIDEWATER MANAGEMENT AND CONSERVATION DISTRICT

4

Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended June 30, 1996

	Budget	Actual Non-GAAP Budget Basis	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental revenues	\$ 3,536,000	\$ 3,535,987	\$ (13)
Interest	34,000	33,748	(252)
Property taxes	535,000	535,225	225
Total revenues	4,105,000	4,104,960	(40)
Expenditures - hurricane protection			
Current			
Commissioners' per diem	12,600	12,600	0
Insurance	203,000	203,193	(193)
Other	97,000	96,556	444
Professional fees	52,000	51,986	14
Rent	8,400	8,435	(35)
Repairs and maintenance	115,000	115,059	(59)
Salaries	274,000	273,836	164
Travel	17,000	16,594	406
Total current	779,000	778,259	741
Capital outlay			
Equipment	4,000	4,333	(333)
Hurricane protection system	3,331,000	3,331,282	(282)
Total capital outlay	3,335,000	3,335,615	(615)
Total expenditures	4,114,000	4,113,874	126
Excess of expenditures over revenues	\$ (9,000)	(8,914)	\$ 86
Fund balance, beginning		1,027,764	
Fund balance, ending		\$ 1,018,850	

The accompanying notes are an integral part of these general purpose financial statements.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL
CONTROL STRUCTURE USED IN ADMINISTERING
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Board of Commissioners of the
South Terrebonne Parish Tidewater Management
and Conservation District

We have audited the general-purpose financial statements of the South Terrebonne Parish Tidewater Management and Conservation District, a component unit of the State of Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated October 10, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement.

In planning and performing our audit for the year ended June 30, 1996, we considered the internal control structure of the South Terrebonne Parish Tidewater Management and Conservation District in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements of the South Terrebonne Parish Tidewater Management and Conservation District and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general-purpose financial statements in a separate report dated October 10, 1996.

The management of the South Terrebonne Parish Tidewater Management and Conservation District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general-purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent

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Independent Auditors' Report

To the Board of Commissioners of the
South Terrebonne Parish Tidewater Management
and Conservation District

We have audited the accompanying general purpose financial statements of the South Terrebonne Parish Tidewater Management and Conservation District, a component unit of the State of Louisiana, as of June 30, 1996, and for the year then ended. These general purpose financial statements are the responsibility of the South Terrebonne Parish Tidewater Management and Conservation District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128 "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of South Terrebonne Parish Tidewater Management and Conservation District as of June 30, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated October 10, 1996 on our consideration of the South Terrebonne Parish Tidewater Management and Conservation District's internal control and a report dated October 10, 1996 on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the South Terrebonne Parish Tidewater Management and Conservation District taken as a whole. The accompanying Schedule of Per Diem Payments and Travel Reimbursements Paid to Commissioners and Salary Payments and Travel Reimbursements Paid to Officers is presented for additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the audit procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Kelton & Company

October 10, 1996

SOUTH TERREBONNE PARISH
TIDEWATER MANAGEMENT AND CONSERVATION DISTRICT

2

Combined Balance Sheet - All Fund Types and Account Groups
June 30, 1996

	<u>Governmental</u> General Fund	<u>Account Group</u> General Fixed Asset	<u>Total</u> (Memorandum Only)
Assets			
Cash and cash equivalents	\$ 1,022,468		\$ 1,022,468
Receivables	682,949		682,949
Hurricane protection system		\$ 36,212,385	36,212,385
Equipment		498,242	498,242
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 1,705,417</u>	<u>\$ 36,710,627</u>	<u>\$ 38,416,044</u>
Liabilities			
Accounts payable	\$ 607,808		\$ 607,808
Compensated absences	62,290		62,290
Payroll taxes payable	377		377
Retirement payable	3,549		3,549
	<hr/>		<hr/>
Total liabilities	<u>674,024</u>		<u>674,024</u>
Fund Equity			
Investment in fixed assets		\$ 36,710,627	36,710,627
Fund balance			
Unreserved-undesignated	1,031,393		1,031,393
	<hr/>	<hr/>	<hr/>
Total fund equity	<u>1,031,393</u>	<u>36,710,627</u>	<u>37,742,020</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund equity	<u>\$ 1,705,417</u>	<u>\$ 36,710,627</u>	<u>\$ 38,416,044</u>

The accompanying notes are an integral part of these general purpose financial statements.

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SOUTH TERREBONNE PARISH TIDEWATER
MANAGEMENT AND CONSERVATION DISTRICT
Chauvin, Louisiana

Financial Statements
For the Year Ended
June 30, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JAN 29 1997

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97 JAN -2 AM 11:15

To the Board of Commissioners and Management
of South Terrebonne Parish Tidewater
Management and Conservation District

In planning and performing our audit of the general purpose financial statements of South Terrebonne Parish Tidewater Management and Conservation District for the year ended June 30, 1996, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on internal control. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect South Terrebonne Parish Tidewater Management and Conservation District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily disclose all matters that might be reportable conditions. In addition, because of inherent limitations in internal control, errors or irregularities may occur and not be detected by such controls.

1. Condition - The District contracted for some hourly rate specialized construction equipment, including a tractor/chopper, road grader, and a water truck, which were not advertised for bid. The total amounts paid for each of these was less than \$10,000 for the year.

Criteria - Bids for hourly rate construction equipment should include all construction equipment expected to be used by the District.

Effect - Substantive audit tests for compliance with this requirement applicable to the use of funds did not reveal instances of noncompliance of the public bid law. However, due to its significance, we consider this condition to be a reportable condition in the internal control structure.

Cause - The District has no policy to update the bid on construction equipment when equipment not listed on the May, 1991 bid sheet is utilized.

Recommendation - Hourly rates for construction equipment when rebid should include all construction equipment used presently as well as equipment expected to be used in the future.

Response - The District did not foresee the need for this equipment when the current bid was advertised. The District is presently re-advertising for bids on hourly rate equipment and will include all construction equipment expected to be used.

These conditions were considered in the determining the nature, timing, and extent of the audit tests applied in our audit of the June 30, 1996 general purpose financial statements, and this report does not affect our report on those general purpose financial statements dated October 10, 1996. We have not considered internal control since the date of our report.

This report is intended solely for the information and use of the Board of Commissioners and management of the South Terrebonne Parish Tidewater Management and Conservation District. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Kelton & Company

October 10, 1996

SOUTH TERREBONNE PARISH
TIDEWATER MANAGEMENT AND CONSERVATION DISTRICT

3

Statement of Revenues, Expenditures, and Changes in Fund Balance
General Fund
For the Year Ended June 30, 1996

Revenues

Intergovernmental revenues	\$ 3,363,915
Interest	33,748
Property taxes	<u>560,124</u>
Total revenues	<u>3,957,787</u>

Expenditures - hurricane protection

Current	
Commissioners' per diem	12,600
Insurance	204,824
Other	97,866
Professional fees	52,901
Rent	8,435
Repairs and maintenance	112,624
Salaries	206,201
Travel	<u>16,793</u>
Total current	<u>712,244</u>

Capital outlay

Equipment	4,333
Hurricane protection system	<u>3,239,537</u>
Total capital outlay	<u>3,243,870</u>
Total expenditures	<u>3,956,114</u>

Excess of revenues over expenditures	1,673
Fund balance, beginning	<u>1,029,720</u>
Fund balance, ending	<u><u>\$ 1,031,393</u></u>

The accompanying notes are an integral part of these general purpose financial statements.

Notes to Financial Statements

1. Summary of significant accounting policies

The South Terrebonne Parish Tidewater Management and Conservation District was created by Louisiana Revised Statutes 38:3401-3410. The District is comprised of all the territory of Terrebonne Parish located in voting precincts that are in whole or part south of the Gulf Intracoastal Waterway (excluding lands exempt from taxation). The District is managed and controlled by a seven member board of commissioners appointed by the Governor of the State of Louisiana. Authority was granted by Louisiana R.S. 38:3402 to the District to establish adequate drainage, flood control, and water resources by constructing reservoirs, diversion canals, gravity and pump drainage systems, erosion control measures, marsh management, and other flood control works as they relate to tidewater flooding, hurricane protection, and saltwater intrusion. The Board is constituted as a body politic (political corporation) with authority to levy taxes on all property in the district subject to taxation by the State of Louisiana.

A. Reporting entity

The District's financial statements include all funds and account groups over which its Board of Commissioners exercise oversight responsibility. The District is considered a component unit of the State of Louisiana. The District, itself, has no component units.

B. Fund accounting

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprised of its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled. The General Fund is the general operating fund of the District. It is used to account for all financial resources, except those required to be accounted for in another fund.

The General Fixed Asset Account Group is used to account for fixed assets used in governmental fund type operations. These assets are recorded as expenditures in the general fund when they are purchased. No depreciation has been provided for general fixed assets.

C. Basis of accounting

All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. The District currently receives property

SOUTH TERREBONNE PARISH
TIDEWATER MANAGEMENT AND CONSERVATION DISTRICT

6

Notes to Financial Statements

C. Basis of accounting - (continued)

tax revenue through the Atchafalaya Basin Levee District. The District also receives revenue from other state agencies and from the State of Louisiana. For the year ended June 30, 1996, the District received federal funding from the United States Department of Agriculture-Natural Resources Conservation Service. These revenues are susceptible to accrual and are recognized when they become measurable and available.

Expenditures are generally recognized when the related fund liabilities are incurred under the modified accrual basis of accounting. In accordance with generally accepted accounting principles, the District accrues liabilities for compensated absences when incurred. Compensated absences reflect the cost of sick leave, compensatory leave, and vacation pay due all eligible employees. Because the current and non-current portion cannot be reasonably estimated, all costs are considered current and are included in accrued liabilities on the Combined Balance Sheet - All Fund Types and Account Groups.

The budget for the year ended June 30, 1996 was prepared on the cash (non-GAAP) basis. Budget appropriations lapse at year end, if uncommitted. Budgetary control is exercised at the fund level. A reconciliation of excess of expenditures over revenues - budget (non-GAAP) basis to excess of revenues over expenditures - modified accrual (GAAP) basis for the year ended June 30, 1996 is as follows:

Excess of expenditures over revenues - budget (non-GAAP) basis	\$ (8,914)
Net effect of conversion of revenues to modified accrual (GAAP) basis	(147,174)
Net effect of conversion of expenditures to modified accrual (GAAP) basis	90,126
Net effect of accrual of compensated absences payable	<u>67,635</u>
Excess of revenues over expenditures - modified accrual (GAAP) basis	<u><u>\$ 1,673</u></u>

Fixed assets used in operations (general fixed assets) are accounted for at cost. Public domain general fixed assets consisting of certain improvements such as roads, bridges, levees, flood gates, drainage systems, and other flood control systems are capitalized at cost, along with other general fixed assets. No depreciation has been provided on any general fixed assets.

Notes to Financial Statements

C. Basis of accounting - (continued)

It is the policy of the District to purchase commercial insurance for the risks of losses to which it is exposed.

Cash equivalents are investments having a maturity of three months or less and are included with cash on the balance sheet.

D. Total column on combined statement

The total column on the Combined Statement is captioned Memorandum Only to indicate it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. Revenue

Louisiana Revised Statutes 38:698 and 38:699 provide for an annual tax levy on all property within the Atchafalaya Basin Levee District. This includes the portion of Terrebonne Parish which is comprised of the South Terrebonne Parish Tidewater Management and Conservation District. The taxes are levied by the Atchafalaya Basin Levee District (ABLD) in May and billed to taxpayers in October. The Terrebonne Parish Sheriff collects the taxes and remits them to the Atchafalaya Basin Levee District, which is required to maintain the portion for the South Terrebonne Parish Tidewater Management and Conservation District in a Special Revenue Fund. Revenue from taxes collected by the Atchafalaya Basin Levee District was approximately \$560,000 for the year ended June 30, 1996.

The District has also received revenue directly from the State of Louisiana. The District received funding from the State to be used for flood protection projects in specific geographic areas. This revenue is recognized by the "expenditure driven" method, whereby revenue is recognized as qualified expenditures are incurred and reimbursements are due. Revenue from the State of Louisiana was approximately \$1,900,000 for the fiscal year ended June 30, 1996.

The District received funding for marsh enhancement projects through cooperative agreements entered into with the Department of Natural Resources, an agency of the State of Louisiana. Revenue from the Department of Natural Resources relating to these agreements was approximately \$474,000 for the fiscal year ended June 30, 1996.

The District received federal funding from the United States Department of Agriculture-Natural Resources Conservation Service to be used to make repairs to a hurricane protection levee. Revenues from the United States Department of Agriculture-Natural Resources Conservation Service were approximately \$70,000 for the fiscal year ended June 30, 1996.

SOUTH TERREBONNE PARISH
TIDEWATER MANAGEMENT AND CONSERVATION DISTRICT

8

Notes to Financial Statements

2. Revenue - (continued)

The District received funding of approximately \$815,000 through the State of Louisiana's Department of Transportation and Development (DOTD) to be used to conduct surveys and provide engineering services necessary to comply with the DOTD's In-Kind matching requirements for a feasibility study being conducted in conjunction with the U.S. Army Corp of Engineers. The study generally consists of surveying and hydraulics investigations necessary for the design of hurricane protection in Terrebonne and Lafourche parishes and is part of a feasibility study for flood protection projects in the Atchafalya Basin from Morganza, Louisiana to the Gulf of Mexico.

3. Cash and cash equivalents

Cash consists of petty cash and demand deposits in a local bank chartered by the State of Louisiana. Cash equivalents consist of U.S. Treasury type money market accounts or U.S. Treasury bills having a maturity of three months or less and maintained in a trust account in the trust department of a local bank. These are generally held in the street name of the trust department. Cash equivalents are carried at cost, which is generally equivalent to market value. Demand deposits are protected by FDIC insurance or by collateralization.

Cash and cash equivalents at June 30, 1996 are as follows:

Petty cash	\$ 300
Demand deposits	236,166
U.S. Treasury Money Market Fund in bank trust account	<u>786,002</u>
Total cash and cash equivalents	<u><u>\$ 1,022,468</u></u>

At June 30, 1996, the carrying amounts of the District's bank deposits were \$236,166 (demand deposits above) and the bank balance was \$388,268. A summary of the collateralization of the bank balances and cash equivalents at June 30, 1996 is presented below:

Insured (FDIC)	\$ 100,000
Uninsured, collateralized by U.S. Government securities held by the counter party, but not in the District's name (category 3)	288,268
Uninsured and uncollateralized money market funds invested in U.S. Government Securities by bank trust department (category 3)	<u>786,002</u>
	<u><u>\$ 1,174,270</u></u>