

**CYPRESS-BLACK BAYOU RECREATION AND
WATER CONSERVATION DISTRICT
Benton, Louisiana**

**General Purpose Financial Statements and
Auditor's Independent Reports
As of and for the Two Years
Ended December 31, 1995
With Supplemental Information Schedule**

**CYPRESS-BLACK BAYOU RECREATION AND
WATER CONSERVATION DISTRICT
Benton, Louisiana**

General Purpose Financial Statements

As of and for the Two Years
Ended December 31, 1995

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**CYPRESS-BLACK BAYOU RECREATION AND
WATER CONSERVATION DISTRICT
Benton, Louisiana**

General Purpose Financial Statements

**As of and for the Two Years
Ended December 31, 1995**

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INDEPENDENT AUDITOR'S REPORT

BOARD OF COMMISSIONERS
CYPRESS-BLACK BAYOU RECREATION AND
WATER CONSERVATION DISTRICT
Benton, Louisiana

I have audited the accompanying general purpose financial statements of Cypress-Black Bayou Recreation and Water Conservation District, as of December 31, 1995 and for the two years then ended, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the District. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and generally accepted governmental auditing standards contained in the *Government Auditing Standards - Standards for Audit of Governmental Organizations, Programs, Activities, and Functions*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Cypress-Black Bayou Recreation and Water Conservation District as of December 31, 1995, and the results of operations for the two years then ended, in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the general purpose financial statements. The accompanying supplemental information schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of Cypress-Black Bayou Recreation and Water Conservation District. Such information has been subjected to the procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

J. T. Bata

June 28, 1996

GENERAL PURPOSE FINANCIAL STATEMENTS

**CYPRESS-BLACK BAYOU RECREATION AND
WATER CONSERVATION DISTRICT
Benton, Louisiana**

ALL FUND TYPES AND ACCOUNT GROUPS

Balance Sheet, December 31, 1995

	...ACCOUNT GROUPS...			
	GOVERNMENTAL FUND - <u>GENERAL FUND</u>	GENERAL FIXED <u>ASSETS</u>	GENERAL LONG-TERM <u>DEBT</u>	TOTAL (MEMORANDUM <u>ONLY</u>)
<u>ASSETS AND OTHER DEBITS</u>				
Cash and case equivalents (note 1-F and 3)	\$ 72,669			\$ 72,669
Receivables (note 4)	268,262			268,262
Land, buildings, equipment and improvements (note 5)		\$11,580,948		11,580,948
Amount available for debt Service			\$ -0-	
Amount to be provided for retirement of general long term debt				
TOTAL ASSETS AND OTHER DEBITS	\$ <u>340,931</u>	\$<u>11,580,948</u>	\$ <u>-0-</u>	\$<u>11,921,879</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Account payable	\$ 34,055			\$ 34,055
Payroll deductions and withholdings payable	516			516
Bonds payable (note 8)			\$ -0-	
Total Liabilities	<u>34,571</u>	<u>NONE</u>	<u>-0-</u>	<u>34,571</u>
Fund Equity:				
Investment in general fixed assets		\$11,580,948		11,580,948
Fund Balance:				
Reserved for long term lease/purchase payable (note 10)	13,707			13,707
Unreserve - Undesignated	292,653			292,653
Total Fund Equity	<u>306,360</u>	<u>11,580,948</u>	<u>NONE</u>	<u>11,887,308</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ <u>340,931</u>	\$<u>11,580,948</u>	\$ <u>-0-</u>	\$<u>11,921,879</u>

The accompanying notes are an integral part of this statement.

**CYPRESS-BLACK BAYOU RECREATION AND
WATER CONSERVATION DISTRICT
Benton, Louisiana**

GOVERNMENTAL FUND - GENERAL FUND

Statement of Revenues, Expenditures,
and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 1995

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Ad valorem taxes	\$ 214,705	\$ 233,781	\$ 19,076
Intergovernmental revenues - state revenue sharing (net)	50,000	51,745	1,745
Permits, leases, and fees	350,555	359,105	8,550
Sales and charges for goods and services	34,503	34,503	-0-
Use of money and property - interest earnings on in- vestments	4,067	4,760	693
Other revenues	36,995	6,122	(30,873)
Total Revenues	<u>690,825</u>	<u>690,016</u>	<u>(809)</u>
EXPENDITURES			
General government:			
Legislative-commissioners' per diem (Schedule 1)	3,120	3,120	-0-
Finance and administration	38,725	38,894	(169)
Culture and recreation:			
Personal service:			
Salaries and wages	204,995	202,077	2,918
Employee benefits	27,536	25,234	2,302
Cost of goods:			
Marina purchases	23,070	23,069	1
Operating services:			
Utilities	30,440	30,036	404
Communications	4,700	4,645	55
Maintenance of property and equipment	118,627	106,410	12,217
Insurance and surety bonds	75,450	73,663	1,787
Debt service:			
Principal	203,828	203,828	-0-
Interest	2,434	2,434	-0-
Other expenditures	29,260	32,671	(3,411)
Total expenditures	<u>762,185</u>	<u>746,081</u>	<u>16,104</u>
EXCESS OF (EXPENDITURES) OVER REVENUES	(71,360)	(56,065)	15,295
FUND BALANCE AT BEGINNING OF YEAR	<u>150,983</u>	<u>348,718</u>	<u>197,735</u>
FUND BALANCE AT END OF YEAR	<u>\$ 79,623</u>	<u>\$ 292,653</u>	<u>\$ 213,030</u>

The accompanying notes are an integral part of this statement.

**CYPRESS-BLACK BAYOU RECREATION AND
WATER CONSERVATION DISTRICT
Benton, Louisiana**

GOVERNMENTAL FUND - GENERAL FUND

Statement of Revenues, Expenditures,
and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 1994

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Ad valorem taxes	\$ 203,050	\$ 208,060	\$ 5,010
Intergovernmental revenue - state revenue sharing (net)	50,267	50,267	-0-
Permits, leases, and fees	324,508	325,900	1,392
Sales and charges for goods and services	52,340	52,341	1
Use of money and property - interest earnings on in- vestments	4,925	4,807	(118)
Other revenues	<u>3,485</u>	<u>5,598</u>	<u>2,113</u>
Total revenues	<u>638,575</u>	<u>646,973</u>	<u>8,398</u>
EXPENDITURES			
General government:			
Legislative-Commissioners' per diem (Schedule 1)	2,640	2,640	-0-
Finance and administrative	37,240	35,363	1,877
Culture and recreation:			
Personal service:			
Salaries and wages	207,542	207,367	175
Employee benefits	29,454	25,813	3,641
Cost of goods:			
Marina purchases	33,850	36,957	(3,107)
Operating services:			
Utilities	21,670	20,931	739
Communications	4,640	4,611	29
Maintenance of property and equipment	93,002	91,070	1,932
Insurance and surety bonds	47,656	77,136	(29,480)
Debt service:			
Principal	81,648	81,648	-0-
Interest	9,592	9,592	-0-
Other expenditures	<u>23,726</u>	<u>27,427</u>	<u>(3,701)</u>
Total expenditures	<u>592,660</u>	<u>620,555</u>	<u>(27,895)</u>
EXCESS OF REVENUES OVER EXPENDITURES	45,915	26,418	(19,497)
FUND BALANCE AT BEGINNING OF YEAR	<u>322,300</u>	<u>322,300</u>	<u>-0-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 368,215</u>	<u>\$ 348,718</u>	<u>\$ (19,497)</u>

The accompanying notes are an integral part of this statement.

**CYPRESS-BLACK BAYOU RECREATION AND
WATER CONSERVATION DISTRICT
Benton, Louisiana**

Notes to the Financial Statements
As of and for the Two Years Ended December 31, 1995

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cypress-Black Bayou Recreation and Water Conservation District was created by Act 292 of 1958 to develop the wealth and natural resources of the District by conserving water for agricultural, municipal, recreational, commercial, industrial, and sanitary purposes. The District is comprised of a board of five commissioners, one each appointed by the Bossier Parish Police Jury, the Bossier Parish School Board, the mayor and governing authority of the City of Bossier City, the mayor and governing authority of the Town of Benton, and the Bossier Levee District.

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for general purpose financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity.

Based upon the above criterion for determining the governmental reporting entity and component units that should be included within the reporting entity and state statutes that created the District giving it the authority over all operations; which includes the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds, the District was determined to be a primary governmental entity and has a component unit over which it exercises oversight responsibility.

The financial statements present the District (the primary government) and its component unit. The component unit discussed below is included in the District's reporting entity because of the significance of its operational or financial relationship with the District.

CYPRESS-BLACK BAYOU ZOOLOGICAL GARDEN ASSOCIATION, INC.

The Cypress-Black Bayou Zoological Garden Association, Inc. (Zoo) was incorporated on March 24, 1995 as a nonprofit corporation under the laws of the State of Louisiana and has been approved by

**CYPRESS-BLACK BAYOU RECREATION AND
WATER CONSERVATION DISTRICT**
Benton, Louisiana

Notes to the Financial Statements

the Internal Revenue Service as a Sec 501(c)(3) corporation for the purpose of soliciting grants and donations for the operation of a children's petting zoo. The members of the Zoo's Board of Directors consists of the individuals that comprise the District's Board of Commissioners and has an volunteer advisory Board. As of December 31, 1995, the Zoo has not received or expended any monies.

A. FUND ACCOUNTING

The accounts of the District are organized on the basis of a fund (General Fund) and account groups, each of which is considered a separate accounting entity. The operations of the General Fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. The General Fund is the general operating fund of the District and accounts for all financial activities of the District.

B. GENERAL FIXED ASSETS AND LONG-TERM DEBT

Fixed assets are accounted for in the General Fixed Assets Account Group, rather than in the General Fund. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

Long-term debt of the District is accounted for in the General Long-Term Debt Account Group, not in the General Fund.

The two account groups are not funds. They are concerned only with the measurement of financial position and do not involve measurement of results of operations.

C. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures 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 General Fund is accounted for using the flow of current financial resources measurement focus. The General Fund is reported on the modified accrual basis of accounting using the following practices in recording revenues and expenditures:

**CYPRESS-BLACK BAYOU RECREATION AND
WATER CONSERVATION DISTRICT**
Benton, Louisiana

Notes to the Financial Statements

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Interest income on certificates of deposits is recorded when the deposits have matured and the interest is available. Interest income on interest bearing demand deposits is recorded at the end of each month when credited by the bank.

Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized when due, and compensated absences, which are recognized when the leave is actually taken.

D. BUDGET PRACTICES

The proposed budgets for fiscal years ended December 31, 1994, and December 31, 1995, were made available for public inspection at the district's office on November 9, 1993, and November 8, 1994, respectively. The 1994 and 1995 proposed budgets, prepared on the modified accrual basis of accounting, were published in the official journal 4 days and 18 days, respectively, prior to the public hearing, which was held at the District's office on December 14, 1993, and December 13, 1994, respectively, for comments from taxpayers. The budget is legally adopted and amended, as necessary, by the board of

**CYPRESS-BLACK BAYOU RECREATION AND
WATER CONSERVATION DISTRICT**
Benton, Louisiana

Notes to the Financial Statements

commissioners. At fiscal close, all unexpended appropriations lapse and must be reappropriated in next year's budget to be expended. Encumbrances are not recorded or recognized in the District's budget. All changes in the budget must be approved by the board of commissioners.

Formal budget integration (within the accounting records) is not employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

E. ENCUMBRANCES

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed in the District's accounting system.

F. CASH AND CASH EQUIVALENTS

Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

G. INVENTORIES

Inventories of the District consist of expendable supplies held for consumption and resale. The cost is recorded as an expenditure at the time of purchase. Inventories on hand at December 31, 1995, which is during the District's off-season, are not material and are not reflected in the accompanying financial statements.

H. VACATION AND SICK LEAVE

Full-time employees earn vacation leave from one to three weeks each year, based upon their length of employment. Hourly-wage employees, who work less than full-time, earn vacation leave based on the average time worked. Upon termination, employees are paid for accumulated vacation

**CYPRESS-BLACK BAYOU RECREATION AND
WATER CONSERVATION DISTRICT**
Benton, Louisiana

Notes to the Financial Statements

3. CASH AND CASH EQUIVALENTS

At December 31, 1995, the district has cash and cash equivalents (book balances) totaling \$72,669 as follows:

Demand deposits	\$ 10,765
Interest Bearing Demand deposits	38,627
Time deposits	<u>23,277</u>
Total	\$ <u>72,699</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) 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. Deposits (bank balances) at December 31, 1995, total \$75,988 and are secured by federal deposit insurance.

4. RECEIVABLES

The following is a summary of receivables at December 31, 1995:

<u>Class of Receivable</u>	
Ad valorem taxes	\$234,809
State revenue sharing	<u>33,453</u>
Total	\$ <u>268,262</u>

**CYPRESS-BLACK BAYOU RECREATION AND
WATER CONSERVATION DISTRICT
Benton, Louisiana**

Notes to the Financial Statements

5. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets for the two years ended December 31, 1995, follows:

	<u>Land and Improvements</u>	<u>Buildings and Improvements</u>	<u>Equipment</u>	<u>Total</u>
Balance at January 1, 1994	\$10,463,254	\$ 875,754	\$ 192,397	\$11,531,405
Additions		1,653	16,597	18,250
Deletions			(2,295)	(2,295)
Balance at December 31, 1994	<u>\$10,463,254</u>	<u>\$ 877,407</u>	<u>\$ 206,699</u>	<u>\$11,547,360</u>
Balance at January 1, 1995	\$10,463,254	\$ 877,407	\$ 206,699	\$11,547,360
Additions		4,837	52,216	57,053
Deletions			(23,466)	(23,466)
Balance at December 31, 1995	<u>\$10,463,254</u>	<u>\$ 882,244</u>	<u>\$ 235,449</u>	<u>\$11,580,947</u>

Additions to general fixed assets consist of purchases and facilities constructed by the District with its own employees. Deletions consist of unusable items that were discarded.

6. PENSION PLAN

Substantially all employees of the District are members of the Social Security System. In addition to the employee contribution withheld at 7.65 per cent of gross salary for the two years ended December 31, 1995, the District contributes an equal amount to the Social Security System. Aggregate pension cost for 1994 and 1995 was \$31,473 and \$30,720, respectively. The District does not guarantee the benefits granted by the Social Security System.

**CYPRESS-BLACK BAYOU RECREATION AND
WATER CONSERVATION DISTRICT
Benton, Louisiana**

Notes to the Financial Statements

7. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The District has no retired employees as of December 31, 1995.

8. CHANGES IN GENERAL LONG-TERM DEBT

A summary of changes in general long-term debt for the two years ending December 31, 1995, follows:

Bonds payable at January 1, 1994	\$ 285,476
Bonds retired:	
1994	(81,648)
1995	<u>(203,828)</u>
Bond payable at December 31, 1995	\$ <u>-0-</u>

The bond issues of the District were held by the United States Department of Agriculture, Farmers Home Administration through the Water and Waste Disposal Systems for Rural Communities Program (CFDA 10.418). There are no outstanding bonds at December 31, 1995.

In accordance with Louisiana Revised Statute 39:562, the District is legally restricted from incurring long-term bonded debt in excess of 10 per cent of the assessed value of taxable property in the District. At December 31, 1995, the statutory limit is \$22,767,893.

9. CHANGES IN DEBT SERVICE RESERVE

The following provides detail on changes in the fund balance reserve for debt service for the two years ended December 31, 1995:

Reserve at January 1, 1994	\$ 168,398
Increases - ad valorem taxes and interest earnings	141,365
Decreases - debt service	<u>(91,240)</u>
Reserve at December 31, 1994	\$ <u>218,523</u>

**CYPRESS-BLACK BAYOU RECREATION AND
WATER CONSERVATION DISTRICT
Benton, Louisiana**

Notes to the Financial Statements

Reserve at January 1, 1995	\$ 218,523
Increases - ad valorem taxes and interest earnings	-0-
Decreases - debt service	(206,258)
- transfer to unreserved fund balance	<u>(12,265)</u>
Reserve at December 31, 1995	\$ <u>-0-</u>

10. LEASE/PURCHASE COMMITMENT

The District purchased radio equipment at a total cost of \$18,707, paying \$5,000 down and entering into a three year lease/purchase agreement on the remaining balance of \$13,707. The agreement calls for an annual payment of \$5,368, including interest at 8.2%, due on February 1st, beginning February 1, 1996. At December 31, 1995, \$13,707 of the General Fund fund balance has been restricted for this commitment.

SUPPLEMENTAL INFORMATION SCHEDULE

**CYPRESS-BLACK BAYOU RECREATION AND
WATER CONSERVATION DISTRICT
Benton, Louisiana**

Schedule of compensation Paid Commissioners
For the Two Years Ended December 31, 1995

COMPENSATION PAID COMMISSIONERS

This schedule of compensation paid commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 38:2605, the commissioners are entitled to receive, out of available funds of the District, a per diem allowance of \$40 for each meeting of the District that they attend, but no such allowance shall be paid for more than 36 meetings in any calendar year.

1995.....	1994.....	
	<u>NUMBER</u>	<u>AMOUNT</u>	<u>NUMBER</u>	<u>AMOUNT</u>
Rebecca Bishop		\$	8	\$ 320
Wesley Burdine	17	680	13	520
Wilton Corley	16	640	14	560
Dean Sullivan	17	680	13	520
Jay Valentine	12	480	4	160
John Whittington	16	<u>640</u>	14	<u>560</u>
Total		<u>\$3,120</u>		<u>\$2,640</u>

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND OFFICE OF MANAGEMENT
AND BUDGET CIRCULAR A-128,
AUDITS OF STATE AND LOCAL GOVERNMENTS

James T. Bates

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EXHIBIT A

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

BOARD OF COMMISSIONERS
CYPRESS-BLACK BAYOU RECREATION AND
WATER CONSERVATION DISTRICT
Benton, Louisiana

I have audited the general purpose financial statements of the Cypress-Black Bayou Recreation and Water Conservation District, as of December 31, 1995, and for the two years then ended, and have issued my report thereon dated June 28, 1996.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing my audit of the financial statements of Cypress-Black Bayou Recreation and Water Conservation District, as of December 31, 1995, and for the two years then ended, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure.

The management of the Cypress-Black Bayou Recreation and Water 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, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities 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.

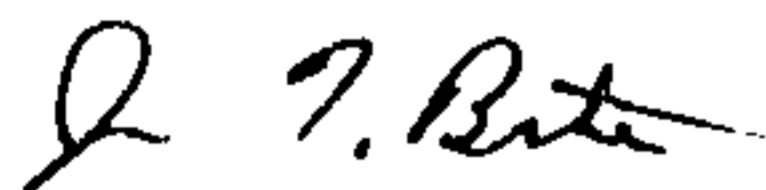
For the purpose of this report, I have classified the significant elements of the internal control structure, into the following categories:

Budgeting and budget reporting
Revenue/receipts
Purchases/disbursements/payroll

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

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure 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 the specific internal control structure elements does not reduce to a relatively low level the risk that errors or 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. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information and use of management of the District and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



June 28, 1996

James T. Bates

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EXHIBIT B

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

BOARD OF COMMISSIONERS
CYPRESS-BLACK BAYOU RECREATION AND
WATER CONSERVATION DISTRICT
Benton, Louisiana

I have audited the general purpose financial statement of the Cypress-Black Bayou Recreation and Water Conservation District, as of December 31, 1995, and for the two years then ended, and have issued my report thereon dated June 28, 1996.

I conducted my 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 I 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 Cypress-Black Bayou Recreation and Water Conservation District, is the responsibility of management of the District. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, my objective was not to provide an opinion on overall compliance with such provisions.

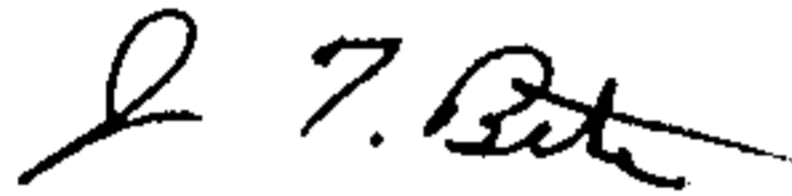
The results of my tests indicate that, with respect to the items tested, the Cypress-Black Bayou Recreation and Water Conservation District failed to comply with the following:

Louisiana Constitution Article 7, Paragraph 8: The District did not receive prior written approval from the bond commission to enter into the three year lease/purchase agreement to buy equipment.

EXHIBIT C
(Continued)

With respect to the items not tested, nothing came to my attention that caused me to believe that the District had not complied, in all material respects, with those provisions.

This report is intended for the information and use of management of the District and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



June 28, 1996