

**BAYOU D'ARBOHNE LAKE
WATERSHED DISTRICT**
Baton, Louisiana
Notes to the Financial Statements (Continued)

Substantially all other revenues are recorded when they become available to the district.

Based on the above criteria, franchise taxes and intergovernmental revenues are treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources

Sales of fixed assets are accounted for as other financing sources and are recognized when the underlying events occur.

F. BUDGET PRACTICES

As a budgetary unit of the State of Louisiana, Bayou D'Arbonne Lake Watershed District is exempt from the requirements of the Louisiana Local Government Budget Act. However, the district does adopt annual operating budgets for the General Fund and each of the special revenue funds. The proposed budgets, prepared on the modified accrual basis of accounting, are formally adopted by the board of commissioners during the first board meeting of each year. The budget is established and controlled by the board of commissioners at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all budget amendments.

G. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes amounts in demand deposits, interest-bearing demand deposits and time deposits with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits,

BOYD D'ARBOONNE LAKE
WATERSHED DISTRICT
Bossier, Louisiana
SPECIAL REVENUE FUNDS

Combining Balance Sheet, December 31, 1996

	IMPROVEMENT FUND	FEASIBILITY STUDY FUND	TOTAL
ASSETS			
Accounts receivable	NONE	\$47,672	\$47,672
LIABILITIES AND FUND EQUITY			
Liabilities:			
Bank overdraft	\$7		7
Accounts payable		47,672	47,672
Total liabilities	7	47,672	47,679
Fund Equity - fund balance (deficit) - unreserved - undesignated	(7)	NONE	(7)
TOTAL LIABILITIES AND FUND EQUITY	NONE	\$47,672	\$47,672

BAYOU D'ARDOINNE LAKE
WATERSHED DISTRICT
Ruston, Louisiana

Notes to the Financial Statements (Continued)

**H. TOTAL COLUMN ON THE
COMBINED STATEMENTS**

The total columns on the combined statements are captioned Memorandum Only (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial positions in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Branches eliminations have not been made in the aggregation of this data.

2. FUND DEFICIT

The Improvement Special Revenue Fund had a deficit in unreserved fund balance at December 31, 1996 in the amount of \$7. The deficit was eliminated by closing out the fund's bank accounts.

3. RECEIVABLES

The following is a summary of receivables at December 31, 1996:

	General Fund	Special Revenue Funds	Total
Franchise taxes	\$3,914		\$3,914
Intergovernmental revenue - state funds		\$47,672	\$47,672
Total	<u>\$3,914</u>	<u>\$47,672</u>	<u>\$51,586</u>

4. CHANGES IN GENERAL FIXED ASSETS

The following presents the changes in general fixed assets for the two years ended December 31, 1996:

**BAYOU D'ARBOISNE LAKE
WATERSHED DISTRICT
Ruston, Louisiana**

Notes to the Financial Statements (Continued)

	Balance at January 1, 1995		Addition	Deletion	Balance at December 31, 1995	
Land	\$14,970				\$14,970	
Equipment	24,211				24,211	
Total	<u>\$39,181</u>		<u>NONE</u>	<u>NONE</u>	<u>\$39,181</u>	

	Balance at January 1, 1996		Addition	Deletion	Balance at December 31, 1996	
Land	\$14,970				\$14,970	
Equipment	24,211			(\$22,883)	1,328	
Total	<u>\$39,181</u>		<u>NONE</u>	<u>(\$22,883)</u>	<u>\$17,698</u>	

General fixed assets at January 1, 1995, have been restated to include land owned by the district at January 1, 1995.

5. FEASIBILITY STUDY PAYMENTS

During the year ended December 31, 1995, Bayou D'Arboisne Lake Watershed District entered into a cooperative endeavor agreement with the State of Louisiana, Department of Transportation and Development for planning and construction for the Lake D'Arboisne Spillway. In connection with this agreement, the state appropriated \$350,000 to the project. During the year ended December 31, 1996, Bayou D'Arboisne Lake Watershed District entered into a contract with Damon Engineering Company to provide engineering studies and surveys for the project at a total cost of \$325,411. Total engineering expenditures incurred under this contract during the year ended December 31, 1996, was \$122,376.

6. LITIGATION AND CLAIMS

The district is involved in five lawsuits at December 31, 1996. The district's legal counsel is unable to estimate the ultimate resolution of these matters; therefore, no provision for any liability resulting from these lawsuits has been made in the accompanying financial statements.

BAYOU D'ARBOIS LAKE
WATERSHED DISTRICT
Baton, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Two Years Ended December 31, 1986

SPECIAL REVENUE FUNDS

IMPROVEMENT FUND

The Improvement Fund is used to account for funds that are restricted for improvements. The fund had a deficit in unreserved fund balance at December 31, 1986, and was closed subsequent to December 31, 1986.

FEASIBILITY STUDY FUND

The Feasibility Study Fund is used to account for grant funds from the State of Louisiana Department of Transportation and Development (DOTD). These funds are limited to planning and construction costs incurred under the cooperative agreement between Bayou D'Arbois Lake Watershed District and DOTD.

**BAYOU D'ARBOINNE LAKE
WATERSHED DISTRICT
Baton, Louisiana**

Notes to the Financial Statements (Continued)

or time deposits with banks organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States.

At December 31, 1996, the district has cash (bank balances - net of bank overdraft) totaling \$161,773, as follows:

Demand deposits	\$18,311
Interest bearing demand deposits	8,380
Time deposits	<u>134,881</u>
Total	<u>\$161,773</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. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at December 31, 1996, are secured as follows:

Bank Balances	<u>\$184,899</u>
Federal deposit insurance	\$180,829
Pledged securities (uncollateralized)	<u>50,256</u>
Total	<u>\$315,978</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 38:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent bank has failed to pay deposited funds upon demand.

**RAYON D'ARRONDE LAKE
WATERSHED DISTRICT
Baton, Louisiana
SPECIAL REVENUE FUNDS**

Combining Schedule of Revenues, Expenditures, and
Changes in Fund Balance
For the Year Ended December 31, 1996

	IMPROVEMENT FUNDS	FEASIBILITY STUDY FUNDS	TOTAL
REVENUES			
Intergovernmental - state grant		\$122,736	\$122,736
Use of money and property - interest	127		127
Total revenues	<u>127</u>	<u>122,736</u>	<u>122,863</u>
EXPENDITURES			
Public works - current - operating services	10,627	122,736	133,363
EXCESS (Deficiency) Of REVENUES OVER EXPENDITURES	(9,600)	NONE	(9,600)
FUND BALANCE AT BEGINNING OF YEAR	<u>10,627</u>	<u>NONE</u>	<u>10,627</u>
FUND BALANCE (Deficit) AT END OF YEAR	<u>(87)</u>	<u>NONE</u>	<u>(87)</u>

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STATE OF MISSISSIPPI
NATONAL DISTRICT
Natchez, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Two Years Ended
December 31, 1954

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the public, or requested, and by each other state-wide public officials. The report is available for public inspection at the Natchez through office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: JAN 11 1955

M. Carlton Dumas
CERTIFIED PUBLIC ACCOUNTANT

305 IRONMAKER BOULEVARD • CALCHIN, LOUISIANA 70225 • TELEPHONE 318-664-9734

**Independent Auditor's Report on Compliance
Based on an Audit of General Purpose Financial Statements
Performed in Accordance With Government Auditing Standards**

**BOARD OF COMMISSIONERS
BAYOU D'ARBORE LAKE
WATERSHED DISTRICT
Baton Rouge, Louisiana**

I have audited the general purpose financial statements of Bayou D'Arbonne Lake Watershed District, a component unit of the State of Louisiana, as of December 31, 1996 and for each of the years in the two-year period then ended, and have issued my report thereon dated March 27, 1997.

I conducted my audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and the Louisiana Governmental Audit Guide, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. These standards and the audit guide require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Bayou D'Arbonne Lake Watershed District, is the responsibility of the district's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, I performed tests of Bayou D'Arbonne Lake Watershed District's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

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

**BAYOU D'ARBORE LAKE
WATERSHED DISTRICT**
Baton Rouge, Louisiana

Independent Auditor's Report
on the Internal Control Structure, etc.

In planning and performing my audit of the general purpose financial statements of Bayou D'Arbonne Lake Watershed District, for the two years ended December 31, 1980, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted the following matter involving the internal control structure and its operation that I consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the district's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

**Disbursements Should Be
Adequately Supported**

Finding: Of the 25 disbursements that I examined during my test of expenditures, 7 (or 28%) were not adequately supported. Proper internal control procedures require that each disbursement be adequately supported by an original invoice, timesheet, or other documentation.

Recommendation: I recommend that all disbursements of the district be supported by an original invoice, timesheet, or other documentation and such documentation be filed in a manner to provide an adequate audit trail of each transaction.

Management's Response: We appreciate you bringing this to our attention and will make the necessary corrections so that in the future, proper internal control procedures will be implemented which will require that each disbursement be adequately supported by an original invoice, timesheet, or other documentation prior to issuance of any checks.

**BAYOU D'ARBOISNE LAKE
WATERSHED DISTRICT**
Baton Rouge, Louisiana

**Independent Auditor's Report
on the Internal Control Structure, etc.**

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 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.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses as defined above. However, I believe the reportable condition described above is not a material weakness.

This report is intended for the information of the members of the board of commissioners of Bayou D'Arboisne Lake Watershed District, management of the district, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.


Carter Dumas
Caldwell, Louisiana
March 22, 1997

**BAYOU D'ARBORENE LAKE
WATERSHED DISTRICT
Baton Rouge, Louisiana**

Notes to the Financial Statements (Continued)

D. FIXED ASSETS AND LONG-TERM DEBT

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in the governmental funds. All purchased fixed assets are valued at cost where historical records are available and at estimated cost where no historical records are available. Approximately 13 per cent of general fixed assets are valued at actual cost while the remaining 87 per cent are based on estimated cost based on the actual costs of like items. The district has elected not to capitalize public domain (infrastructure) fixed assets including the district's cost of flood-alert equipment, channel markings, boat launch ramps, and other improvements. No depreciation has been provided on general fixed assets. There are no general long-term obligations at December 31, 1998.

E. BASIS OF ACCOUNTING

The financial and reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for reporting all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The district uses the following practices in recognizing and reporting revenues and expenditures:

Revenues

Franchise taxes and intergovernmental revenues are recorded when the district is entitled to the funds.

Interest income on bank deposits, is recorded when the interest has been earned and the amount is determinable.

**Independent Auditor's Reports Required by
Government Auditing Standards**

The following independent auditor's reports on compliance with laws and regulations and on the internal control structure are presented in compliance with the requirements of Government Auditing Standards, issued by the Comptroller General of the United States and the Louisiana Governmental Audit Guide, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

M. Carlton Thomas
CERTIFIED PUBLIC ACCOUNTANT

504 INDUSTRIAL BOULEVARD • CARRIERVILLE, LOUISIANA 70525 • TELEPHONE 718-644-5719

**Independent Auditor's Report
on the Internal Control Structure
Based on An Audit of General Purpose Financial Statements
Performed in Accordance with Government Auditing Standards**

BOARD OF COMMISSIONERS
BAYOU D'ARBOISNE LAKE
WATERSHED DISTRICT
Baton, Louisiana

I have audited the general purpose financial statements of Bayou D'Arboisne Lake Watershed District, a component unit of the State of Louisiana, as of December 31, 1986, and for each of the years in the two year period then ended, and have issued my report thereon dated March 27, 1987.

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 general purpose financial statements are free of material misstatement.

The management of Bayou D'Arboisne Lake Watershed 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 general purpose 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.

**BAYOU D'ARBOISSE LAKE
WATERSHED DISTRICT
Baton, Louisiana**

Notes to the Financial Statements
As of and for the Two Years Ended December 31, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Bayou D'Arboisse Lake Watershed District was created under the provisions of Louisiana Revised Statute 34:2351 in 1994. The district is a political subdivision and budgetary unit of the State of Louisiana which has as its purpose the conservation of soil and water and developing the natural resources and wealth of the district for sanitary, agricultural, and recreational purposes.

The district is governed by a board of seven commissioners who reside in Lincoln or Union parishes and are appointed by the governor. The members of the board of commissioners serve without benefit of compensation for four year terms.

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of Bayou D'Arboisse Lake Watershed District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for established governmental accounting and financial reporting principles.

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The Bayou D'Arboisse Lake Watershed District is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the board members and public service is rendered within the state's boundaries. The accompanying general purpose financial statements present information only as to the transactions of Bayou D'Arboisse Lake Watershed District, a component unit of the State of Louisiana. Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements.

**RAYOU D'ARBONNE LAKE
WATERSHED DISTRICT**

Ruston, Louisiana

Notes to the Financial Statements (Continued)

C. FUND ACCOUNTING

The district uses funds and account groups 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 governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term debt) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types." Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The district's current operations require the use of governmental fund types described as follows:

General Fund

The General Fund is the general operating fund of the district. It accounts for all financial resources, except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

BOARD OF COMMISSIONERS
BAYOU D'ARBOIS LAKE
WATERSHED DISTRICT
Baton, Louisiana
Independent Auditor's Report on
Compliance, etc.

This report is intended for the information of the members of the board of commissioners of Bayou D'Arbonne Lake Watershed District, management of the district, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.


Carlton, Louisiana
March 23, 1993

**BAYOU D'ARBORENE LAKE
WATERSHED DISTRICT**

Bossier, Louisiana

GOVERNMENTAL FUND TYPE

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

	GENERAL FUND		SPECIAL REVENUE FUND		VARIANCE FAVORABLE / UNFAVORABLE
	BUDGET	ACTUAL	BUDGET	ACTUAL	
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES					
	512,760	5776	511,884	450,240	\$114
FUND BALANCE AT BEGINNING OF YEAR	<u>21,852</u>	<u>280,609</u>	<u>128,817</u>	<u>10,759</u>	<u>60</u>
FUND BALANCE AT END OF YEAR	<u>22,362</u>	<u>286,185</u>	<u>129,001</u>	<u>11,519</u>	<u>210</u>

(Continued)

The accompanying notes are an integral part of this statement.

**BAYOU D'ARBORE LAKE
WATERSHED DISTRICT**
Houston, Louisiana
GOVERNMENTAL FUND TYPE

Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 1999

	CENTRAL FUND		IMPROVEMENT SPECIAL REVENUE FUND	
	BUDGET	ACTUAL	BUDGET	ACTUAL
REVENUES				
Franchise taxes	\$11,809	\$9,279		
Licenses and permits	3,300	3,200		
Intergovernmental - local	1,500	1,500		
Use of money and property - interest	5,470	7,900		
Other revenue	268	1,000		\$314
Total revenues	31,795	32,605	8,000	914
EXPENDITURES				
Public works - current	7,469	11,769		
General services	52,029	48,301	400,250	
Operating services	7,173	1,309		
Materials and supplies	2,739	2,014		
Travel and other expenditures	44,898	33,951	10,250	
Total expenditures	114,508	103,344	410,500	914

(Continued)

BOYCE D'ARBORE LAKE
WATERSHED DISTRICT

Baton Rouge, Louisiana

GOVERNMENTAL FUND TYPE

Combined Statements of Revenues, Expenditures, and
Changes in Fund Balances - Budget (BAMP Basis) and Actual
For the Year Ended/December 31, 2008

	GENERAL FUND		SPECIAL REVENUE FUNDS	
	BUDGET	ACTUAL	BUDGET	ACTUAL
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(524,259)	(5378)	(318,927)	(410,434)
OTHER FINANCING SOURCE		6,000		
Sale of fixed assets				
EXCESS (Deficiency) OF REVENUES AND OTHER FINANCING SOURCE OVER EXPENDITURES	(524,259)	1,722	(318,927)	(410,434)
FUND BALANCE AT BEGINNING OF YEAR	24,258	159,843	18,627	10,627
FUND BALANCE AT END OF YEAR	NONE	\$161,565	NONE	(97)

(Continued)

The accompanying notes are an integral part of this statement.

RAYMOND ABERNOSSE LAKE
WATERSHED DISTRICT
Basson, Louisiana
GOVERNMENTAL FUND TYPE

Combined Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 1998

	GENERAL FUND		SPECIAL REVENUE FUND	VARIANCE FAVORABLE UNFAVORABLE	ACTUAL	BUDGET	ACTUAL	BUDGET	UNFAVORABLE RESPONSIBLE
	BUDGET	ACTUAL							
REVENUES									
Franchise taxes		2,700			532,879		532,778		549,850
Licenses and permits		6,720		(61,744)					
Intergovernmental:		527		500					
State grants									
Local									
Use of money and property - income		527			28		127		69
Other revenues					52,933		122,900		69,960
Total revenues	31,428	31,890							
EXPENDITURES									
Public works - current:									
Operating services	14,137	9,468		5,669	63,490		133,437		(69,947)
Materials and supplies	1,023	998		22					
Other expenditures	28,258	22,112		17,454					
Total expenditures	35,718	32,578		33,145	63,490		133,437		69,960

(Continued)

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

BOARDS OF COMMISSIONERS
BAYOU D'ARBOISE LAKE
WATERSHED DISTRICT
Baton Rouge, Louisiana
Independent Auditor's Report
December 31, 1996

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of Bayou D'Arboise Lake Watershed District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

As discussed in Note 6 to the financial statements, Bayou D'Arboise Lake Watershed District was involved in two lawsuits at December 31, 1996. The possible outcome of these matters is uncertain at this time. Accordingly, no provision for any liability has been made in the accompanying general purpose financial statements.

In accordance with Government Auditing Standards, I have also issued a report dated March 27, 1997 on my consideration of Bayou D'Arboise Lake Watershed District's internal control structure and a report dated March 27, 1997 on the district's compliance with laws, regulations, contracts, and grants.



Calhoun, Louisiana
March 27, 1997

M. Carlson Thomas
CERTIFIED PUBLIC ACCOUNTANT

308 HIGHLANDER ROAD • CALHOUN, LOUISIANA 71225 • TELEPHONE 338-544-5176

Independent Auditor's Report

BOARD OF COMMISSIONERS
PARISH D'ARBOISSE LAKE
WATERSHED DISTRICT
Bossier, Louisiana

I have audited the general purpose financial statements of Bayou D'Arbonne Lake Watershed District, a component unit of the State of Louisiana, as of December 31, 1996, and for each of the years in the two year period then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the district's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Bayou D'Arbonne Lake Watershed District, as of December 31, 1996, and the results of operations for each of the years in the two year period then ended, in conformity with generally accepted accounting principles.

RAYOU D'ARBONNE LAKE
WATERSEED DISTRICT
Baton Rouge, Louisiana
Comptroller, December 31, 1996

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Special Revenue Funds (Contd.):

Continuing Schedule of Revenues, Expenditures,
and Changes in Fund Balances - For the Year
Ended December 31, 1996

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General Purpose Financial Statements
Performed in Accordance With
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Report on Internal Control Structure Based on An
Audit of General Purpose Financial Statements
Performed in Accordance with
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BAYOU D'ARBOONNE LAKE
WATERSHED DISTRICT
Baton, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Two Years Ended December 31, 1986

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BAYOU D'ARBOINNE LAKE
WATERSHED DISTRICT
Baton, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet, December 31, 1986

	GOVERNMENTAL FUND TYPE		ACCOUNT GROUP	TOTAL (MEMBERSHIP FUND ONLY)
	GENERAL FUND	SPECIAL REVENUE FUNDS	GENERAL FUND ASSETS	
ASSETS				
Cash and cash equivalents	\$561,762			\$561,762
Accounts receivable	3,914	\$47,672		51,586
Land and equipment			\$17,098	17,098
TOTAL ASSETS	<u>\$565,676</u>	<u>\$47,672</u>	<u>\$17,098</u>	<u>\$630,446</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Bank overdraft		\$7		\$7
Accounts payable	\$751	\$7,679		8,430
Total liabilities	<u>751</u>	<u>\$7,679</u>	<u>NONE</u>	<u>8,430</u>
Fund Equity:				
Investment in general fixed assets			\$17,098	17,098
Fund balance (dulich)- unreserved - undesignated	164,865	(7)		164,858
Total Fund Equity	<u>164,865</u>	<u>(7)</u>	<u>17,098</u>	<u>182,056</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$165,696</u>	<u>\$47,672</u>	<u>\$17,098</u>	<u>\$230,466</u>

The accompanying notes are an integral part of this statement.