

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1203, the Board of Commissioners (the Board) adopted a budget for the District's General Fund and Special Revenue Fund. The Board, as allowed by state law, does not obtain public participation in the budget process. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its General Fund and Special Revenue Fund budgets once during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

Both the General Fund and Special Revenue Fund budgets are adopted on a basis materially consistent with generally accepted accounting principles.

e) Bad Debts

The financial statements for the District contain no allowance for bad debts. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the Funds.

f) Investments

Investments are stated at cost, which approximates market.

g) Long-Term Debt

The accounting and reporting treatment applied to the long-term debt associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets.

Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Exhibit 2
(Continued)

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total (Miscellaneous Only)</u>
Excess of revenues over expenditures (brought forward)	36,337	403	22,276	59,016
Fund Balances				
Beginning of year	<u>443,081</u>	<u>31,365</u>	<u>140,042</u>	<u>614,488</u>
End of year	<u>\$ 479,418</u>	<u>\$ 32,168</u>	<u>\$ 162,318</u>	<u>\$ 673,904</u>

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
GOVERNMENTAL FUND TYPES**

Lafourche Parish Drainage District No. 1

For the year ended December 31, 1998

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Taxes	\$ 44,700	\$ 34,118	\$ 9,418
Intergovernmental:			
State of Louisiana:			
State revenue sharing	15,000	14,819	(181)
Miscellaneous:			
Interest	16,700	16,720	20
Other	13,300	-	(13,300)
Total revenues	<u>89,900</u>	<u>85,657</u>	<u>(4,243)</u>
Expenditures			
Current:			
General government:			
Ad valorem tax adjustments	1,000	1,640	(640)
Ad valorem tax deductions	1,700	1,618	82
Total general government	<u>2,700</u>	<u>3,257</u>	<u>(557)</u>
Public works:			
Personnel services	12,000	11,936	64
Supplies and materials	1,000	972	28
Repairs and maintenance	12,000	11,055	945
Other services and charges	23,740	22,090	(1,650)
Total public works	<u>48,740</u>	<u>46,053</u>	<u>2,687</u>
Total expenditures	<u>49,640</u>	<u>49,320</u>	<u>320</u>
Excess of Revenues Over Expenditures	<u>\$ 40,260</u>	<u>36,337</u>	<u>\$ 3,923</u>
Fund Balances			
Beginning of period		<u>443,091</u>	
End of period		<u>\$ 479,418</u>	

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Lafourche Parish Drainage District No. 1**

December 31, 1996

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Lafourche Parish Drainage District No. 1 (the District) conform to generally accepted accounting principles as applicable to governments. The following is a summary of significant accounting policies:

a) Reporting Entity

The District is a component unit of the Lafourche Parish Council.

The District has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

b) Fund Accounting

The government 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 government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Governmental Funds

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the Governmental Funds of the District:

**COMBINED BALANCE SHEET -
GOVERNMENTAL FUND TYPES AND ACCOUNT GROUP**

Lafourche Parish Drainage District No. 1

December 31, 1996

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Assets			
Cash	\$ 24,552	\$ 32,168	\$ 55,576
Investments	380,000	-	-
Receivables - taxes	7,656	-	15,584
Due from other governmental units	38,287	-	98,758
Amounts available in Debt Service Fund	-	-	-
Amounts to be provided for retirement of general long-term debt	-	-	-
Totals	\$ 480,495	\$ 32,168	\$ 162,318
Liabilities			
Accounts payable and accrued expenditures	\$ 1,077	-	-
Bonds payable	-	-	-
Total liabilities	1,077	-	-
Fund Equity			
Fund balances:			
Reserved for debt service	-	-	162,318
Unreserved	479,418	32,168	-
Total fund equity	479,418	32,168	162,318
Totals	\$ 480,495	\$ 32,168	\$ 162,318

See notes to financial statements.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

<u>Special Revenue Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
\$ -	\$ -	\$ -
-	-	-
<u>375</u>	<u>403</u>	<u>28</u>
-	-	-
<u>375</u>	<u>403</u>	<u>28</u>

\$ 375 403 \$ 28

31,785

\$ 32,168

<u>Account Group</u> General Long-Term Debt	<u>Total</u> (Memorandum Only)
\$ -	\$ 121,296
-	180,000
-	21,640
-	149,043
162,318	162,318
<u>125,682</u>	<u>125,682</u>
\$ 288,000	\$ 962,981
\$ -	\$ 1,077
<u>288,000</u>	<u>288,000</u>
<u>288,000</u>	<u>289,077</u>
	162,318
	<u>511,886</u>
	<u>673,904</u>
<u>\$ 288,000</u>	<u>\$ 962,981</u>

COMBINING BALANCE SHEET - FIDUCIARY FUND TYPE

Livingston Intergovernmental Commission
Livingston, Louisiana

December 31, 1996

ASSETS	Expendable Trust Funds				Total
	Operating Expenses	Environmental Surveillance and Response	Health Surveillance	Thirty Year Indemnity	
Cash and cash equivalents	\$ 18,364	\$ 53,705	\$ 16,820	\$ 12,459	\$ 101,348
U.S. Treasury Obligations, TIOFs backed by U.S. Government Obligations and certificate of deposit at cost including unamortized net discount of \$1,225,796 (market value, \$5,094,826)	680,095	1,256,063	1,041,825	2,027,388	5,124,269
Accrued interest	11,384	18,327	17,846	1,875	49,532
Due from other funds	1,724	229			1,953
Property and equipment:					
Land		24,855	93,800		118,655
Building		7,300	241,152		248,452
Equipment	5,051	23,940	30,581		59,572
Furniture	2,825	418	12,564		15,807
Total assets	\$ 737,573	\$ 1,521,337	\$ 1,613,786	\$ 2,040,722	\$ 5,912,418
LIABILITIES AND FUND BALANCES					
Accounts payable	\$ 406	\$ 2,586	\$ 859		\$ 3,851
Payroll taxes payable			3,180		3,180
Due to other funds		131	1,822		1,953
Total liabilities	406	2,717	2,841		6,054
Fund balances:	737,077	1,518,620	1,606,945	\$ 2,040,722	5,900,364
Total liabilities and fund balances	\$ 737,573	\$ 1,521,337	\$ 1,613,786	\$ 2,040,722	\$ 5,912,418



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Lafourche Parish Drainage District No. 1,
Galliano, Louisiana.

We have audited the accompanying general purpose financial statements of Lafourche Parish Drainage District No. 1, (the District), a component unit of the Lafourche Parish Council, as of and for the year ended December 31, 1996, as listed in the table of contents. These general purpose financial statements are the responsibility of the 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. 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. 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 the Lafourche Parish Drainage District No. 1, as of December 31, 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 February 14, 1997 on our consideration of the Lafourche Parish Drainage District No. 1's internal control structure and a report dated February 14, 1997 on its compliance with laws and regulations.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Thibodaux, La.,
February 14, 1997.

Certified Public
Accountants & Comptrollers
445 Westmore Avenue, Thibodaux, La.

PO Box 5010
Thibodaux, La. 70310
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Bourgeois Bennett, L.L.C.
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Member: American Institute of Certified Public Accountants
Member: Louisiana Institute of Certified Public Accountants
Member: Louisiana Society of Certified Public Accountants

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Member: Louisiana Institute of Certified Public Accountants
Member: Louisiana Society of Certified Public Accountants

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December 31, 1996

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MONROE, LA 70502

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LAFORCHE PARISH DISTRICT NO. 1
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Financial Report
Lafourche Parish Drainage District No. 1
Galliano, Louisiana
December 31, 1996

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the auditor, or commissioned, public and other appropriate public agencies of the State. This report is available for use, where appropriate, at the office of the parish clerk of court.

MAY 20 1997

Approved: _____
Parish Clerk



Georgian Bennett

**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**

To the Board of Commissioners,
Lafourche Parish Drainage District No. 1,
Galliano, Louisiana

We have audited the general purpose financial statements of Lafourche Parish Drainage District No. 1 (the District), a component unit of the Lafourche Parish Council, State of Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated February 14, 1997.

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 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.

In planning and performing our audit of the general purpose financial statements of the District for the year ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, 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 the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES**

Lafourche Parish Drainage District No. 1

For the year ended December 31, 1986

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total (Memorandum Only)</u>
Revenues				
Taxes	\$ 54,818	\$ -	\$ 113,044	\$ 167,862
Intergovernmental:				
State of Louisiana:				
State revenue sharing	14,819	-	-	14,819
Miscellaneous - interest	<u>16,720</u>	<u>403</u>	<u>942</u>	<u>18,065</u>
Total revenues	<u>85,657</u>	<u>403</u>	<u>113,986</u>	<u>200,046</u>
Expenditures				
Current:				
General government:				
Ad valorem tax adjustments	1,649		3,253	4,902
Ad valorem tax deductions	<u>1,628</u>		<u>3,379</u>	<u>4,997</u>
Total general government	<u>3,277</u>		<u>6,632</u>	<u>9,899</u>
Public works:				
Personnel services	11,896			11,896
Supplies and materials	973			973
Repairs and maintenance	11,053			11,053
Other services and charges	<u>22,090</u>			<u>22,090</u>
Total public works	<u>45,952</u>			<u>46,055</u>
Debt service:				
Principal retirement			67,000	67,000
Interest and fiscal charges			<u>18,085</u>	<u>18,085</u>
Total debt service			<u>85,085</u>	<u>85,085</u>
Total expenditures	<u>49,229</u>		<u>91,717</u>	<u>140,946</u>
Excess of revenues over expenditures (carry forward)	<u>36,327</u>	<u>403</u>	<u>22,271</u>	<u>59,016</u>



Bourgeois Bennett

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

To the Board of Commissioners,
Lafourche Parish Drainage District No. 1,
Galliano, Louisiana.

We have audited the general purpose financial statements of Lafourche Parish Drainage District No. 1, (the District), a component unit of the Lafourche Parish Council, State of Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated February 14, 1997.

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.

Compliance with laws, regulations, contracts and grants applicable to the 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, 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 herein under Government Auditing Standards.

This report is intended for the information of the Board of Commissioners, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Bourgeois Bennett, LLC.

Certified Public Accountants

Thibodaux, La.,
February 14, 1997.

Note 2 - REPORTING ENTITY (Continued)

The Commission is a component unit of the Town of Livingston and as such, these financial statements will be included in the comprehensive annual financial report of the Town of Livingston for the year ended December 31, 1998.

The Commission cannot be dissolved until it has disposed of the contingency and special funds and transferred ownership of all immovable property acquired to a public entity and then only by concurrent resolution of the Livingston Parish Police Jury and the Board of Aldermen of the Town of Livingston.

Note 3 - CASH AND CASH EQUIVALENTS

The Commission at December 31, 1996 had cash on hand and in banks as follows:

Cash on hand	\$ 20
Cash in banks:	
Hancock Bank	400
Continental Government Trust	88,468
Daily Passport Cash Trust	12,458
Total	<u>\$101,246</u>

Louisiana State Law required that deposits of all political subdivision be fully collateralized at all times. During 1996 the Commission had cash deposits and a certificate of deposits collateralized by FDIC insurance and U.S. Government Securities. The FDIC insurance and U.S. Government Securities are acceptable collateralizations.

Note 4 - INVESTMENTS

In 1995, the Commission entered into an agreement with A.C.I. Edwards & Sons, Inc. as financial advisor to manage the Commission's financial transactions of the Operating Expense, Environmental Surveillance and Response, and Health Surveillance Funds for cash deposits, checking and investment activities. In addition the Commission entered into an agreement with Edward D. Jones & Co. to provide those same services for the Thirty Year Indemnity Fund. Services provided by these firms in 1996 consisted of deposits in money market accounts with checking activities, purchases, sales and surrender of mutual securities owned by the Commission, but held by them as agents of the Commission.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Vacation and Sick Leave

Employees of the Commission earn vacation leave as follows:

- First year of employment - one week (5 days),
- Second through five years - two weeks (10 days),
- More than five years - three weeks (15 days).

Each employee can accumulate a maximum of one week plus the current year's vacation leave accrued, but only one week of vacation leave is allowed to be carried over at year end. Each employee earns a total of eighty (80) hours sick leave annually and can accumulate a maximum of thirty days (240 hours) of sick leave which is fully vested. Accumulated vacation and sick leave has not been accrued for the year ended December 31, 1996 due to its immateriality.

Note 2 - REPORTING ENTITY

The Livingston Intergovernmental Commission was established on March 13, 1986 pursuant to Title 33, Sections 1332 and 1334 (d) of the Louisiana Revised Statutes of 1950, as defined in Article VI, Section 44 of the Louisiana Constitution of 1954. The Commission was formed between the Parish of Livingston, through its Police Jury and the Town of Livingston, through its Board of Aldermen. The Commission was created to provide general health and public service benefits as a consequence of the Illinois Central Gulf Railroad Company train derailment which occurred in the Town of Livingston on September 28, 1982 and to assume and discharge all undertakings set out in Section 1, Paragraph (4) of the "Memorandum of Understanding and Provisional Agreement of Settlement" dated March 13, 1985.

Funding for the Commission and its activities was derived from the distribution of a portion of the corpus from the settlement of the train derailment class action in accordance with the Tripartite Agreement.

The Commission has a five-member Board of Commissioners and has the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. This report includes all funds of the Commission.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Property and Equipment

Property and equipment associated with Expendable Trust Funds are valued at historical cost. Donated property and equipment are valued at their estimated fair value on the date donated. No depreciation has been provided because the trust principal does not have to be maintained intact.

e. Investments

Insured savings accounts are recorded at cost and classified as cash and cash equivalents. Certificates of deposit, U.S. Treasury obligations and investment in securities (TIGRs) that are collateralized by U.S. Government obligations are carried at amortized cost. U.S. Treasury bonds and notes, Government National Mortgage Association and Federal National Mortgage Association bonds, and Federal Home Loan Mortgage Corporation debentures, are carried, at original cost less amortized premiums or plus amortized discounts. Investments are not adjusted to the lower of cost or market because it is generally the Commission's intention to hold them until maturity. Interest earned on investments not yet received at year end is accrued.

f. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in the fund general ledgers, is not utilized by the Commission.

g. Allocation of Expenditures

Certain expenditures are allocated between the Health Surveillance Fund, the Environmental Surveillance and Response Fund and the Operating Expense Fund resulting in interfund receivables and payables at year end. Interfund eliminations have not been made in the general purpose financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Basis of Presentation - Fund Accounting (Continued)

3. Contingency Fund (Continued)

1. One-third shall be paid as directed by the Livingston Parish Police Jury for any permitted public purpose for the benefit of residents of Livingston Parish.
2. One-third shall be paid as directed by the Board of Aldermen of the Town of Livingston for any permitted public purpose for the benefit of residents of the Town of Livingston.
3. One-third shall be reserved by the Commission for removal of all monitoring equipment and improvement of the derelictment site to accommodate its highest and best use for the benefit of residents of the Town of Livingston, subject to the restrictions and servitudes imposed by the transferees of the property and by the Agreement.

Any time prior to termination of the need for monitoring the site activities, the Commission may make special disbursements from the Contingency Fund, with the approval of the Judge of the 21st Judicial District Court having jurisdiction of the said class action, INQ, the Livingston Parish Police Jury and Board of Aldermen of the Town of Livingston.

b. Basis of Accounting

The Commission follows the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets, and expenditures are recognized when the related fund liability is incurred.

c. Budgetary Data

The Commission is not required by the Louisiana Revised Statutes 39:1305 to adopt a budget for the Commission's expendable Trust Funds.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Basis of Presentation - Fund Accounting (Continued)

3. Health Surveillance Fund (Continued)

Upon notification by the Court having jurisdiction of the class action approving the termination of the program after contradictory hearing, any fund balance remaining will be disbursed in the same manner provided for the Contingency Fund.

4. **Thirty Year Indemnity Fund** - This Fund shall be used solely to respond to all suits, demands and claims including but not limited to the claims of any public entity arising out of the derailment or the associated spill and release of chemicals or the site remediation and cleanup, and to defend, indemnify and save free and harmless from all such associated suits, demands and claims the Illinois Central Gulf Railroad Company, the Elgin, Joliet and Eastern Railway Company and all of their past, present and future directors, officers, agents, servants, employees, insurers, contractors, affiliates (including parent corporations), successors and assigns, and the State of Louisiana and/or any agency thereof. The Fund is to be maintained at interest for not less than thirty years from March 17, 1996.

Upon expiration of the thirty-year period, if no claims are then pending and if DEQ or its successor has determined and notified the Commission that all site activities may be terminated, then any fund balance remaining in this Fund will be disbursed in the same manner provided for the Contingency Fund. However, if any claims are pending or if site activities are continuing at the instance of the State of Louisiana or its agencies when the thirty-year period expires, then the Fund may not be disbursed.

5. **Contingency Fund** - No monies were received in 1996 for this Fund. Any additional funds received by the Commission from the 21st Judicial District Court Fund in the distribution of settlement proceeds in the derailment class action will be held in this Fund until such time as the court having jurisdiction of the class action proceedings shall determine in contradictory proceedings that this Fund, or any portion thereof, may be released for distribution in the following manner:

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Basis of Presentation - Fund Accounting (Continued)

2. Environmental Surveillance and Response (Continued)

direct and supervise any additional detection or recovery operations as may be indicated; and to comply with all requirements of the closure plan, modifications thereto and any requirements or regulations imposed by the Louisiana Department of Environmental Quality (DEQ).

Upon notification by the State of Louisiana, through the DEQ or its successor, that the program may be discontinued, 50 percent of any fund balance remaining in this Fund will be paid, up to a maximum of \$200,000, to DEQ as reimbursement for costs and expenses incurred in supervising the operations of the Commission. The remainder of this Fund will be disbursed in the same manner provided for the Contingency Fund.

Any year-end excess of revenue over expenditures in the Environmental Surveillance and Response Fund may be transferred to the Health Surveillance Fund when deemed necessary by the Commission in order to continue health surveillance activities. No operating transfer was made for the year ended December 31, 1996.

3. Health Surveillance Fund - This Fund shall be used solely to provide an office and a physician with staff retained to conduct annual physical examinations of all persons who have resided or presently reside in the area ordered evacuated in consequence of the disaster. Such examinations are to include X-ray, laboratory tests, urinalysis, electrocardiograms and any other tests deemed appropriate by the physician, with reports of the results thereof to be communicated to the individuals, their personal physicians, the Commission and to the Louisiana Department of Health and Human Resources.

An amount not to exceed \$150,000 shall be used solely to provide for the acquisition of property, equipment and supplies for the operations of the program.

NOTES TO FINANCIAL STATEMENTS

Livingston Intergovernmental Commission Livingston, Louisiana

December 31, 1996

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Livingston Intergovernmental Commission (the Commission) conform to generally accepted accounting principles as applicable to governments. The following is a summary of certain significant accounting policies:

a. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with the Triguarte Agreement (Agreement) made March 17, 1986 among Illinois Central Gulf Railroad Company, the State of Louisiana and the Commission. The Funds used by the Commission to account for assets held in accordance with the Agreement are of a fiduciary fund type classified as Expendable Trust Funds. Expendable Trust Funds collect and disburse assets held in a trustee capacity, expend income from the investment of such assets and are not required to keep the principal amount intact. The Commission's Expendable Trust Funds are as follows:

1. **Operating Expense Fund** - This Fund shall be used solely to provide annual disbursements for operating expenditures of the Commission not to exceed current and accumulated revenues. This fund will terminate with the Commission until all contingencies and other special funds have been disbursed by the Commission. Any fund balance in this Fund will remain with the Commission until its dissolution.
2. **Environmental Surveillance and Response Fund** - This Fund was used solely to provide expert technical advisors, retained by the Commission to monitor and review all operations on or near the disbursement site during the operation by Illinois Central Gulf Railroad Company and is now being used to fulfill the Commission's responsibility to operate all monitoring and detection facilities; to

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - FIDUCIARY FUND TYPE**

**Livingston Intergovernmental Commission
Livingston, Louisiana**

For the year ended December 31, 1996

	Dependable Trust Funds
Revenues	
Interest earned	\$ 311,452
Expenditures	
General government:	
Personal services	29,585
Supplies and materials	536
Other services and charges	9,959
Loss on disposal of equipment	1,199
Total general government	41,279
Health and welfare:	
Personal services	122,771
Supplies and materials	766
Other services and charges	126,359
Total health and welfare	250,896
Total expenditures	292,175
Excess Of Revenues Over Expenditures	29,277
Fund Balances	
Beginning of year	5,873,934
End of year	\$ 5,903,211

See notes to financial statements.

COMBINED BALANCE SHEET - FIDUCIARY FUND TYPE

Livingston Intergovernmental Commission
Livingston, Louisiana

December 31, 1996

	Expendable Trust Funds
ASSETS	
Cash and cash equivalents	\$ 101,348
U.S. Treasury obligations, TIGIE's backed by U.S. Government obligations and certificate of deposit at cost including unamortized net discount of \$1,225,296 (market value, \$5,094,828)	5,124,269
Accrued interest	48,552
Due from other funds	1,953
Property and equipment:	
Land	151,855
Building	368,852
Equipment	99,572
Furniture	15,017
Total assets	<u>\$ 5,912,418</u>
LIABILITIES AND FUND BALANCES	
Accounts payable	\$ 3,941
Payroll taxes payable	3,160
Due to other funds	1,953
Total liabilities	9,054
Fund balances	5,903,364
Commitments (Note 8)	-
Total liabilities and fund balances	<u>\$ 5,912,418</u>

See notes to financial statements.



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

The Members of the Commission,
Livingston Intergovernmental Commission,
Livingston, Louisiana.

We have audited the accompanying general purpose financial statements of the Livingston Intergovernmental Commission, (the Commission), a component unit of the Town of Livingston, as of and for the year ended December 31, 1996, as listed in the table of contents. These general purpose financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these accompanying 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 Controller General of the United States. These 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. 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 statements 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 the Livingston Intergovernmental Commission as of December 31, 1996, and the results of operations of such funds 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 February 20, 1997, on our consideration of the Livingston Intergovernmental Commission's internal control structure and a report dated February 20, 1997 on its compliance with laws and regulations.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

New Orleans, La.,
February 20, 1997.

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Financial Report

Livingston Intergovernmental Commission

Livingston Parish, Louisiana

December 31, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, 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 MAY 21 2007

	Expendable Trust Funds				Total
	Operating Expenses	Environmental Surveillance and Response	Health Surveillance	Third Year Indemnity	
Expenditures (Continued)					
Health and welfare:					
Personal services:					
Salaries and related benefits		62,980	46,298		109,278
Employee group insurance		5,189	4,388		9,577
Workers's compensation		3,740	258		4,000
Supplies and materials - office and medical supplies		98	668		766
Other services and charges:					
Publications of legal notices, reports and minutes			79		79
Utilities		1,795	5,168		6,963
Telephones		887	1,652		2,539
Miscellaneous		79	358		437
Maintenance:					
Facilities		3,373	3,323		6,696
Miscellaneous		289	1,978		2,267
Professional services:					
Medical Director			30,000		30,000
Medical examinations			4,967		4,967
Contractual payments		42,360			42,360
Legal and accounting		4,539	4,120		8,659
Insurance		131	2,443		2,574
Total health and welfare		<u>179,784</u>	<u>136,092</u>		<u>315,876</u>
Total expenditures	<u>38,988</u>	<u>124,974</u>	<u>128,180</u>		<u>292,142</u>
Excess (Deficiency) of Revenues Over Expenditures					
	11,688	(41,862)	(38,283)	117,047	29,990
Fund Balances					
Beginning of year	<u>729,389</u>	<u>1,599,682</u>	<u>1,465,328</u>	<u>1,823,626</u>	<u>5,618,025</u>
End of year	<u>\$ 1,115,077</u>	<u>\$ 1,518,620</u>	<u>\$ 1,408,245</u>	<u>\$ 1,848,721</u>	<u>\$ 5,990,263</u>

COMMUNICATIONS LETTER

**COMBINING STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - FIDUCIARY FUND TYPE**

**Livingston Intergovernmental Commission
Livingston, Louisiana**

For the year ended December 31, 1996

	Expendable Trust Funds				Total
	Operating Expenses	Environmental Surveillance and Response	Health Surveillance	Third Year Indemnity	
Revenues					
Interest earned	\$ 42,678	\$ 83,912	\$ 87,817	\$ 117,947	\$ 312,454
Expenditures					
General government:					
Legislative:					
Personal services:					
Per diem -					
Commission members	3,700				3,700
Salaries and related benefits	14,583				14,583
Employee group insurance	2,134				2,134
Workman's compensation	68				68
Supplies and materials -					
office supplies	516				516
Other services and charges:					
Publications of legal					
notices, reports and minutes	765				765
Utilities	1,589				1,589
Telephone	610				610
Miscellaneous	360		8		368
Maintenance:					
Industrial	1,185				1,185
Miscellaneous	375				375
Professional services	4,100				4,100
Insurance	820				820
Loss on disposal of equipment		1,099			1,099
Total general government	38,985	1,099	8		40,092

We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition 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 the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements.

Condition - All accounting functions of the District are performed by the Secretary/Treasurer.

Recommendation - We recommend that a board member receive the bank statements directly and review all cash transactions. Indication of a board member's review should be shown on all bank reconciliations.

Response - The secretary/treasurer reports to the Board quarterly on all financial activities. Involving a board member would hinder the efficiency and the timeliness of financial issues. All significant financial matters are approved by the Board prior to disbursement of funds.

A material weakness is a reportable condition in which the design or operation 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.

Our 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 to be material weaknesses as defined above. However, we believe the reportable condition described above is not a material weakness.

This report is intended for the information of the Board of Commissioners, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Bouquie Bennett, L.L.C.

Certified Public Accountants

Thibodaux, La.,
February 14, 1997.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

Note 5 - CHANGES IN GENERAL FIXED ASSETS

All general fixed assets are purchased for the use of the Lafourche Parish Council and are considered property of the Council. The Lafourche Parish Council is responsible for all maintenance on these assets. Assets previously recorded in the District's records aggregating \$94,701 have been removed from the records in 1996.

Note 6 - LONG-TERM DEBT

At December 31, 1996, the District had outstanding public improvement bonds totaling \$288,000 which are repayable from ad valorem tax revenues.

The following is a summary of bond transactions of the District for the year ended December 31, 1996:

Bonds payable at January 1, 1996	\$255,000
Bonds retired	<u>67,000</u>
Bonds payable at December 31, 1996	<u>\$288,000</u>

Long-term debt is represented by the following individual issues:

Public Improvement Bonds	Authorized and Issued	Annual Installments	Interest Rate (%)	Maturity Date	Outstanding
8/1/87	\$500,000	\$ 8,000-\$23,000	4.88 -5.88	2/1/97	\$ 23,000
4/1/77	\$800,000	\$10,000-\$50,000	4.625-6.50	4/1/92	<u>255,000</u>
					<u>\$288,000</u>

The annual requirements to amortize all long-term debt outstanding at December 31, 1997 are as follows:

Year	Principal	Interest	Total
1997	\$ 68,000	\$13,782	\$ 81,782
1998	40,000	10,863	50,863
1999	40,000	8,283	48,283
2000	45,000	6,160	51,160
2001	45,000	3,395	48,395
2002	<u>50,000</u>	<u>1,156</u>	<u>51,156</u>
Totals	<u>\$288,000</u>	<u>\$44,149</u>	<u>\$332,149</u>

Note 2 - CASH AND INVESTMENTS (Continued)

The District invested in interest earning cash accounts and certificates of deposit during the year. The District's cash and investments in excess of FDIC insurance were collateralized by securities held by an unaffiliated bank in the name of the financial institution pledged to the District.

Note 3 - PROPERTY TAXES

Property taxes are levied each December 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A revaluation of all property is required to be completed no less than every four years. The last revaluation was completed for the list of January 1, 1996. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 1996 was \$.91 per \$1,000 of assessed valuation on property within Drainage District No. 1 for the purpose of maintaining and operating drainage works within the District and \$1.90 per \$1,000 of assessed valuation on property for the purpose of payment of general long-term debt principal, interest and related costs.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 1996 consisted of the following:

	General	Debt Service
State of Louisiana - State revenue sharing	\$14,819	\$ -
Lafourche Parish Tax Collector - December, 1996 collections remitted to the District in January, 1997:		
Ad valorem taxes	43,468	50,758
Totals	\$58,287	\$50,758

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Long-Term Debt (Continued)

Long-term debt expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The Long-Term Debt Account Group is not a "fund". It is concerned only with the measurement of financial position. It is not involved with the measurement of results of operations.

h) Vacation and Sick Leave

The District has no full-time employees. There is no accumulated unpaid vacation and sick leave at December 31, 1996.

i) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in the fund general ledgers, is not utilized by the District.

j) Total Columns on Combined Statements - Overview

The total columns on the combined statements - overview are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations, in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 2 - CASH AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana or any other federally insured investment.

State law also requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

Note 4 - INVESTMENTS (Continued)

Type/Investment	Interest Rate/Yield	Due Date	Amortized Cost	Market Value
U.S. Treasury "Strip" Bonds:				
U.S. Treasury Security par value \$117,000	Zero/5.24%	5-15-97	115,042	114,770
U.S. Treasury Security par value \$136,000	Zero/4.53%	8-15-98	127,134	123,972
U.S. Treasury Security par value \$160,000	Zero/6.29%	5-15-99	148,587	146,978
U.S. Treasury Security par value \$243,000	Zero/6.61%	5-15-00	201,167	198,653
U.S. Treasury Security par value \$200,000	Zero/6.35%	8-15-07	104,627	100,376
U.S. Treasury Security par value \$200,000	Zero/6.88%	8-15-10	122,388	121,593
U.S. Treasury Security par value \$1,000,000	Zero/6.99%	8-15-17	247,340	244,380
Total U.S. Treasury "Strip" Bonds			1,066,285	1,030,722
Total U.S. Treasury Obligations			2,490,821	2,485,210
Government National Mortgage Association (GNMA) - Mortgage Secured Bonds, Guaranteed by the U.S. Government:				
GNMA Pool #372851 par value \$79,731	7.50%	1-15-09	83,434	81,045
GNMA II Pool #21688 par value \$294,843	7.00%	8-30-10	298,133	296,359
Total GNMA			381,567	377,404

Note 4 - INVESTMENTS (Continued)

Type/Investment	Interest Rate/Yield	Due Date	Amortized Cost	Market Value
Federal National Mortgage Association (FNMA) - Mortgage Secured Medium Term Notes Guaranteed by the U.S. Government				
FNMA Medium Term Notes per value \$30,000	6.80%	9-25-00	30,184	28,744
Federal Home Loan Mortgage Corporation (FHLMC) - Mortgage Secured Debentures				
FHLMC Debentures per value \$150,000	6.40%	8-7-00	150,800	149,564
FHLMC Debentures per value \$140,000	7.60%	11-14-00	140,000	137,000
Total FHLMC			290,800	287,464
Treasury Investment Growth Receipts (TIGR)				
Series 18 per value \$134,000	Zero/4.53%	8-15-98	115,917	113,846
Series 12 per value \$256,000	Zero/6.29%	3-15-99	225,878	222,649
Series 13 per value \$257,000	Zero/6.51%	5-15-00	212,337	210,008
Series 9 per value \$381,000	Zero/5.10%	5-15-01	310,342	293,312
Total TIGR's			864,894	838,059

Note 4 - INVESTMENTS (Continued)

Type/Investment	Interest Rate/Yield	Due Date	Amortized Cost	Market Value
Certificates of Deposit - Insured by Federal Deposit Insurance Corporation (FDIC)				
Certificate of deposit face value \$87,000	5.60%	4-21-97	\$7,000	\$6,945
Total investments			\$5,134,269	\$5,059,876

At December 31, 1996, unamortized premiums and discounts on investments were as follows:

Type Securities	Premiums	Discounts	Net
U.S. Treasury obligations	\$22,531	\$(1,101,711)	\$(1,079,180)
GNMA	7,893	-	7,893
FNMA	184	-	184
PHLMC	803	-	803
TICR	-	(134,186)	(134,186)
Total	\$30,531	\$(1,235,917)	\$(1,205,386)

Both premiums and discounts are amortized on the interest method from date of acquisition to maturity or date of sale. In 1996 the net amount amortized was \$69,821.

Note 5 - DUE TO/FROM OTHER FUNDS

The following is a summarization of due to/from other funds at December 31, 1996:

	Due from Other Funds	Due to Other Funds
<u>Operating Expense Fund</u>		
Due from Health Surveillance Fund	\$1,393	
Due from Environmental Surveillance and Response Fund	131	
<u>Environmental Surveillance and Response Fund</u>		
Due from Health Surveillance Fund	229	
Due to Operating Expense Fund		\$ 131
<u>Health Surveillance Fund</u>		
Due to Operating Expense Fund		1,593
Due to Environmental Surveillance and Response Fund	—	229
Totals	\$1,953	\$1,953

Note 6 - CHANGES IN PROPERTY AND EQUIPMENT

A summary of changes in property and equipment follows:

	Balance January 1, 1996	Additions	Deletions	Balance December 31, 1996
Land	\$151,855			\$151,855
Building	363,453	86,349	\$ 850	368,852
Equipment	98,691	3,071	1,190	99,572
Furniture	15,812	—	—	15,812
Totals	\$629,811	\$93,320	\$2,040	\$625,091

Note 7 - 21ST JUDICIAL DISTRICT COURT FUND

In accordance with the "Motion for Approval of Proposed Settlement Disbursements" dated September 3, 1985, the 21st Judicial District Court (Court) was authorized to disburse from the settlement corpus of the train derailment, funds designated to be maintained by the Commission (See Note 6). Additionally, the Court paid all litigation expenses, claims and other expenses related to the train derailment. After transferring of funds to the Commission and payment of expenses, the balance of the settlement funds remaining is to be held in reserve by the Court for the payment of future litigation expenses and attorney fees. This report does not include the accounting and reporting of these settlement funds maintained by the Court.

Any balance of the settlement corpus remaining after all disbursements have been made by the Court and a final accounting completed will be paid by the Court to the Commission. No such payments were ordered by the Court during 1986.

Note 8 - COMMITMENTS

Health Surveillance Contract

In 1986, the Commission and Family Health of Louisiana (a domestic partnership referred to therein as "Physicians") renewed an agreement for a period of two years, expiring on April 1, 1988. The purpose of the agreement is to provide professional management of the Commission's medical facility located in the Town of Livingston, Louisiana in order to provide the residents of that community with continued medical surveillance in accordance with the requirements of the final settlement of the Livingston Train Derailment Class Action.

Physicians acknowledge that the Commission is obligated to provide a health surveillance program, and Physicians agree to be responsible for the management of and delivery of all medical and informational services related to the fulfillment of this health surveillance obligation in accordance with recognized medical standards. The Commission agrees to permit its medical facility to be used by Physicians for the delivery of medical services to private patients; continue to pay the salary and related benefits (including no overtime or any licensed nurse or licensed practical nurse and one clerical assistant together with any temporary replacements required by an absence of either for a period in excess of two weeks); supply all medical, professional and office supplies and costs for the health surveillance program only (such supplies and costs associated with the Physicians' private

Note 8 - COMMITMENTS (Continued)

Health Surveillance Contract

practice and the responsibility of Physicians); to provide all telephone services and maintenance exclusive of long distance expenses; provide the maintenance of equipment owned by the Commissioner and the building and physical plant in which the Medical Center is located; pay for all ancillary exams, tests, laboratory work and studies related to the health surveillance program as approved by the Commission or mandated by the court; and as additional consideration for Physicians' services in providing the medical surveillance program agree to pay to Physicians the sum of fifty thousand dollars per year. This agreement may be renewed by the mutual consent of both parties, provided that notice of renewal be given in writing one hundred eighty days prior to the expiration of this contract.

Environmental Surveillance Contract

In October 1988, the Commission entered into an agreement with Eco-Environment, Inc. to perform, monitor and maintain certain services and facilities as required in the Environmental Surveillance and Response Fund. Expenditures incurred under this Agreement (as amended) for 1996 totaled \$21,000.

Note 9 - COMPENSATION OF COMMISSION MEMBERS

Members of the Commission are compensated for their time served on the Commission and on the Environmental Surveillance Committee. The following is a listing of fees paid for 1996:

Commission Member	Number of Commission Meetings	Compensation
Dale Hedy Chairman	14	\$ 700
James H. Sibley	3	150
Roy McDonald	15	750
Herbert McDonald	15	750
Steve Stafford	15	750
Arny Ziegler	12	600
Total		\$3,700

Note 10 - LITIGATION

Based on information furnished by the attorney representing the Commission and by management, there are no lawsuits filed against the Commission as of December 31, 1996.

Notes 4 - INVESTMENTS (Continued)

In 1995, Louisiana R.S. 33:2855 was revised by Acts 374 and 1126 which redefined the types of securities the Commission, which is a political subdivision of the State of Louisiana, can invest in. These revisions resulted in making certain securities owned by the Commission at the time of their enactment no longer acceptable investments. In opinion 95-442 rendered by the Attorney General of the State of Louisiana those securities owned prior to enactment of Acts 374 and 1126 which were legal then continue to be so and can be held until their maturity. At December 31, 1996, investment securities held by the Commission as investments were as follows:

Type/Investment	Interest Rate/Yield	Due Date	Amortized Cost	Market Value
U.S. Treasury Notes and Bonds:				
U.S. Treasury Note par value \$150,000	5.500%	9-30-97	\$149,023	\$149,625
U.S. Treasury Note par value \$250,000	5.500%	9-30-97	249,842	249,575
U.S. Treasury Note par value \$250,000	6.375%	1-15-99	251,661	252,343
U.S. Treasury Note par value \$250,000	6.375%	1-15-99	251,661	252,343
U.S. Treasury Note par value \$150,000	6.375%	7-15-99	151,874	151,405
U.S. Treasury Note par value \$350,000	6.000%	10-15-99	349,253	350,000
U.S. Treasury Note par value \$225,000	7.500%	11-15-01	233,426	236,882
U.S. Treasury Note par value \$200,000	7.500%	5-15-02	208,027	211,500
U.S. Treasury Note par value \$200,000	6.375%	8-15-02	199,127	201,312
U.S. Treasury Note par value \$200,000	6.375%	8-15-02	200,883	201,312
U.S. Treasury Bond par value \$150,000	7.250%	5-15-16	148,850	158,391
Total U.S. Treasury notes and bond			2,394,527	2,414,488



Bouggis Bennett

COMMUNICATIONS WITH BOARD OF COMMISSIONERS

To the Board of Commissioners,
Lafourche Parish Drainage District No. 1,
Galliano, Louisiana.

In fulfilling our responsibility as Lafourche Parish Drainage District No. 1 auditors for the year ended December 31, 1996, we are required to communicate to the Board of Commissioners certain matters related to the conduct of our audit.

1) AUDITOR'S RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND GOVERNMENT AUDITING STANDARDS

Our audit was conducted in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States which require that we plan and perform the audit to obtain reasonable assurance about whether the statements are free of material misstatements.

As required, separate letters have been issued on the internal control structure and compliance with laws and regulations.

2) SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted or required to be adopted for the year ended December 31, 1996.

3) SIGNIFICANT AUDIT ADJUSTMENTS

We did not initiate any significant audit adjustments during our recent audit. Year end adjustments and closing entries were prepared.

This information is intended solely for the use by the Board of Commissioners and management of Lafourche Parish Drainage District No. 1 and should not be used for any other purpose.

Bouggis Bennett, L.L.C.

Certified Public Accountants

Thibodaux, La.,
February 04, 1997.

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Georgie Bennett

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

The Members of the Commission,
Livingston Intergovernmental Commission,
Livingston, Louisiana.

We have audited the general purpose financial statements of the Livingston Intergovernmental Commission (the Commission), a component unit of the Town of Livingston, for the year ended December 31, 1996, and have issued our report thereon dated February 20, 1997.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws and regulations applicable to the Commission is the responsibility of the Commission's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Commission's compliance with certain provisions of laws and regulations. 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 result of our tests disclosed no instances of non-compliance that are required to be reported herein under Government Auditing Standards.

In planning and performing our audit of the general purpose financial statements of the Commission for the year ended December 31, 1998, we obtained an understanding of the internal control structure. With respect to the internal control structure, 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 the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure 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 the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Condition - The Commission's staff is too small to effect a meaningful segregation of duties. Most accounting functions of the Commission are performed by the Secretary.

Recommendation - We recommend that Commissioners continue their significant involvement in the financial affairs of the Commission.

Response - The members of the Commission plan to continue their significant involvement in the financial affairs and operations of the Livingston Intergovernmental Commission.

A material weakness is a reportable 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 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.

Our 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 to be material weaknesses as defined above. However, we believe the reportable condition described above is not a material weakness.



State of Louisiana

**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**

The Members of the Commission,
Livingston Intergovernmental Commission,
Livingston, Louisiana.

We have audited the general purpose financial statements of the Livingston Intergovernmental Commission (the Commission), a component unit of the Town of Livingston, as of and for the year ended December 31, 1996, and have issued our report thereon dated February 29, 1997.

We conducted our 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 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 Commission is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimation 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.

Note 7 - COMPENSATION OF BOARD MEMBERS

The District did not pay per diem to any of its Board Members.

This report is intended for the information of management, the State of Louisiana and the Legislative Auditor for the State of Louisiana. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Members of the Commission, is a matter of public record.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

New Orleans, La.,
February 28, 1997.

This report is intended for the information of management, the State of Louisiana and the Legislative Auditor for the State of Louisiana. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Members of the Commission, is a matter of public records.

Bougie Bennett, LLC

Certified Public Accountants.

New Orleans, La.,
February 20, 1997.