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**SABINE RIVER COMPACT ADMINISTRATION**  
**FINANCIAL REPORT**  
**AUGUST 31, 1998**

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

Release Date 08-21-98

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**CERTIFIED PUBLIC ACCOUNTANTS**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Commissioners  
 Sabine River Compact Administration  
 State of Texas and Louisiana

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We have audited the accompanying financial statements of the Sabine River Compact Administration, a composed unit of the State of Texas and State of Louisiana, as of and for the year ended August 31, 1998, as listed in the table of contents. These financial statements are the responsibility of the Administration's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the standards for financial and compliance audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the accounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Sabine River Compact Administration as of August 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

The financial information for the preceding year which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose financial statements of Sabine River Compact Administration.

- Laverne A. Turner, CPA
  - Robert C. Miller, CPA
  - Donald W. DeWay, CPA
  - Richard Lussier, II, CPA
  - Frank A. Brown, CPA
  - Scott J. Brummond, CPA
  - Lee J. Charbonnet, CPA
  - Kimberly B. Dugas, CPA
  - P. Johnathan, III, CPA
  - Stephen L. Gaudinier, CPA
  - Ernestine Robinson, CPA
  - Pat C. Brando, CPA
  - Richard F. Corbin, CPA
  - George Trappier III, CPA
  - Donald S. Miller, CPA
  - Gregory W. Wilson, CPA
  - S. David Jackson, CPA
  - Frank C. McCarty, CPA
- Retired:
- Adrienne Brummond, CPA 1998
  - Samuel Pugh, CPA 1998
  - James M. Brown, CPA 1997
  - James B. Wilson, CPA 1998
  - George S. Levin, CPA 1998
  - Griffith J. Winklerby, CPA 1998
  - Robbie L. Gray, CPA 1998
  - Larry H. Brummond, CPA 1998
- Members/Inactive Members of  
 American Public Accountants  
 Society of Certified Public  
 Accountants

In accordance with Government Auditing Standards, we have also issued a report dated September 28, 1988, on our consideration of the Sabine River Compact Administration's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts.

*Thomas, Pate, Hines & Brown, LLP*

Lafayette, Louisiana  
September 28, 1988

## SABINE RIVER COMBACT ADMINISTRATION

BALANCE SHEETS  
August 31, 1988 and 1987

ASSETS	1988	1987
Cash	\$ 38,818	\$ 38,818
Total assets	\$ 38,818	\$ 38,818
LIABILITIES AND FUND EQUITY		
Accounts payable	\$ 19,894	\$ 21,838
Fund balance - undesignated	18,924	14,980
Total liabilities and fund equity	\$ 38,818	\$ 38,818

See Notes to Financial Statements.

MAKINE RIVER COMBACT ADMINISTRATION

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPE  
Years Ended August 31, 1996 and 1997

	<u>Original Fund</u>	
	<u>1996</u>	<u>1997</u>
Revenues:		
Intergovernmental	\$ 57,564	\$ 56,466
Interest	<u>1,503</u>	<u>1,939</u>
Total revenues	\$6,977	\$6,605
Expenditures:		
General government	<u>\$1,804</u>	<u>\$6,815</u>
Excess of revenues over expenditures	6,667	1,166
Fund balance, beginning	<u>14,155</u>	<u>12,387</u>
Fund balance, ending	<u>\$ 20,822</u>	<u>\$ 13,553</u>

See Notes to Financial Statements.

SAVING RIVER COMBAND ADMINISTRATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUCKET (SAMP BASIS) AND  
ACTUAL - GOVERNMENTAL FUND TYPE

For the Year Ended August 31, 1998

With Comparative Actual Amounts for Year Ended August 31, 1997

	General Fund			
	1998		Variance - 1998/1997	1997
	BUDGET	ACTUAL		
<b>Revenues:</b>				
Intergovernmental -				
Contributions:				
State of Texas	\$ 28,782	\$ 28,782	\$ -	\$ 28,202
State of Louisiana	28,782	28,782	-	28,202
Interest income	-	1,202	(1,202)	1,202
Total revenues	<u>57,564</u>	<u>58,766</u>	<u>(1,202)</u>	<u>58,202</u>
<b>Expenditures:</b>				
General government -				
Maintenance - office of:				
Secretary	4,408	5,144	1,736	4,767
Treasurer	1,808	1,808	-	1,808
Major resources				
Investigation	69,414	64,414	5,000	68,832
Audit fees	608	1,108	1,500	1,088
Other	1,208	1,224	126	738
Total expenditures	<u>77,038</u>	<u>72,794</u>	<u>4,244</u>	<u>71,508</u>
Excess of revenues over expenditures	<u>\$ 2,000</u>	<u>5,972</u>	<u>\$ 3,972</u>	<u>1,148</u>
Fund balance, beginning		<u>14,138</u>		<u>12,282</u>
Fund balance, ending		<u>\$ 20,110</u>		<u>\$ 14,138</u>

See notes to financial statements.

## BAHINE RIVER COMPOST ADMINISTRATION

### MOVED TO FINANCIAL STATEMENTS

#### NOTE 1. Summary of Significant Accounting Policies

The financial statements of the Bahine River Compost Administration have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Administration's accounting policies are described below.

##### Reporting entity:

The Bahine River Compost Administration, a component unit of the State of Texas and State of Louisiana, is an entity formed by a compact entered into by the State of Texas and the State of Louisiana on January 26, 1930, under authority granted by an Act of the Congress of the United States approved November 1, 1931 (Public Law No. 322, 71st Congress, First Session). The act was amended on October 18, 1933 (Public Law No. 182-579 of the 100 Congress). The objective of the Compact is to provide equitable apportionment of the waters of the Bahine River and its tributaries between the two states. The operation is administered by an inter-state Administrative Agency composed of two members appointed by the Governor of Texas and two members appointed by the Governor of Louisiana; and one member, as representative of the United States appointed by the President of the United States, which member shall be an officer chairman of the Administration without vote and shall not be a domiciliary of or resident in either state.

##### Fund accounting:

The Administration uses one fund to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

The General Fund, a governmental fund type, is the general operating fund of the Administration. It is used to account for all the financial resources of the Administration.

##### Basis of accounting:

The accounting and financial 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



## NOTES TO FINANCIAL STATEMENTS

are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing used) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. UNDER the modified accrual basis of accounting, revenues are recognized when assessable or measurable (i.e., when they become both measurable and available). "Assessable" 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. Expenditures are recorded when the related fund liability is incurred.

The two major sources of revenue are intergovernmental and interest. Both of these are assessable to general.

### Budgets:

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the General Fund. The budget is prepared by the Sabine River Compact Administration management for formal approval by the Board of Commissioners. Any amendments to the original budget are approved by the Board of Commissioners. Budgeted amounts are as originally adopted or as amended.

### Cash and investments:

Cash consists of amounts in interest bearing deposit accounts.

### Comparative data:

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Administration's financial position and operations.

### Note 3. Deposits:

The carrying amount of deposits was \$38,816 and \$38,870 and the bank balance was \$38,804 and \$38,870 at August 31, 1998 and 1997, respectively. The entire bank balance was covered by Federal Depositary Insurance.

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
 OVER FINANCIAL REPORTING BASED ON AN AUDIT  
 OF FINANCIAL STATEMENTS PERFORMED IN  
 ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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**TO THE BOARD OF COMMISSIONERS,  
 Sabine River Compact Administration  
 States of Texas and Louisiana**

We have audited the financial statements of the Sabine River Compact Administration, a component unit of the State of Texas and State of Louisiana, as of and for the year ended August 31, 1999, and have issued our report thereon dated September 23, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Lawrence S. Crater, CPA  
 Eugene C. Gilbo, CPA  
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 Herbert Lewis, B. CPA  
 Frank A. Noyes, CPA  
 Alan J. Raymond, CPA  
 L. Charles Stiles, CPA  
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 P. John Woodard, CPA  
 Stephen L. Lamborn, CPA  
 Craig E. Robinson, CPA  
 Bruce E. Sullivan, CPA  
 Michael J. Tucker, CPA  
 George J. Tupper, III, CPA  
 David E. White, CPA  
 Gregory B. Wilson, CPA  
 R. Earl Wilson, CPA  
 Patrick C. McCarty, CPA

**Compliance**

As part of obtaining reasonable assurance about whether the Administration's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Administration's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or

Retired:  
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 James H. Brown, CPA 1987  
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 William G. Soper, CPA 1990  
 Bruce A. Raymond, CPA 1991  
 Member of American Institute of  
 Certified Public Accountants  
 Society of Accountants Certified  
 Public Accountants

mere of the internal control components does not reduce to a relatively low level the risk that misstatements 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. We noted matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

*Ernst, Pech, Jones & Brown LLP*

Lafayette, Louisiana  
September 28, 1999