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**JEFFERSON DAVIS PARISH  
WATER WORKS DISTRICT NO. 1  
Roanoke, Louisiana**

**Financial Statements and Independent  
Auditor's Reports  
As of and for the Year Ended December 31, 1998 and 1997  
With Supplemental Information Schedules**

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 6-30-99

**JEFFERSON DAVIS PARISH  
WATERWORKS DISTRICT NO.1**

**Financial Statements and Independent  
Auditor's Reports  
As of and for the Year Ended December 31 1998 and 1997  
With Supplemental Information Schedules**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Jefferson Davis Parish Waterworks District No. 1  
Roanoke, Louisiana .

I have audited the accompanying general purpose financial statements of Jefferson Davis Parish Waterworks District No. 1, a component unit of Jefferson Davis Parish Police Jury, as of and for the years ended December 31, 1998 and 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of Jefferson Davis Parish Waterworks District No. 1'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 the standards applicable to financial audits contained in *Governmental 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. 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Jefferson Davis Parish Waterworks District No. 1, as of December 31, 1998 and 1997, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 21, 1999, on my consideration of Jefferson Davis Parish Waterworks District No. 1's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying information listed as supplemental information in the table of contents is presented for purposed of additional analysis and is not a required part of the general purpose financial statements of Jefferson Davis Parish Waterworks District No. 1. 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 stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

  
Certified Public Accountant

Jennings, Louisiana  
May 21, 1999

**JEFFERSON DAVIS PARISH WATERWORKS DISTRICT NO. 1**  
**Roanoke, Louisiana**

**PROPRIETARY FUND - ENTERPRISE FUND**  
**(All Fund Types and Account Groups)**  
**BALANCE SHEETS**  
**As of December 31, 1998 and 1997**

	1998	1997
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 51,274	\$ 53,279
Accounts receivable	3,406	3,584
Total current assets	54,680	56,863
Restricted assets:		
Cash and cash equivalents	31,412	29,808
Property, plant and equipment, net	87,550	77,609
<b>TOTAL ASSETS</b>	<b>\$ 173,642</b>	<b>\$ 164,280</b>
 <b>LIABILITIES AND FUND EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$ 3,326	\$ 3,202
Accounts payable	1,494	1,020
Customer deposits	1,765	1,625
Payroll and other taxes payable	1,000	814
Accrued liabilities	1,330	1,066
Total current liabilities	8,915	7,727
Long-term liabilities		
Long-term debt, net of current portion	18,277	21,725
Total liabilities	27,192	29,452
Fund equity:		
Retained earnings:		
Reserved	29,647	28,183
Unreserved-undesignated	116,803	106,645
Total retained earnings	146,450	134,828
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 173,642</b>	<b>\$ 164,280</b>

The accompanying notes are an integral part of these statements.

**JEFFERSON DAVIS PARISH WATERWORKS DISTRICT NO. 1**  
**Roanoke, Louisiana**

**PROPRIETARY FUND-ENTERPRISE FUND**  
**STATEMENT OF REVENUES,**  
**EXPENSES, AND CHANGES IN RETAINED EARNINGS**  
**For the Years Ended December 31, 1998 and 1997**

	1998	1997
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 42,165	\$ 41,397
Total operating revenues	42,165	41,397
 <b>EXPENDITURES</b>		
Salaries and related benefits	16,413	15,270
Board per diem payments	3,020	2,970
Operating services	10,280	12,164
Materials, supplies and repairs	6,872	12,291
Depreciation expense	5,421	5,185
Total operating expenses	42,006	47,880
 <b>OPERATING INCOME (LOSS)</b>	159	(6,483)
 <b>NON-OPERATING REVENUES (EXPENSES):</b>		
Grant income	10,000	-
Interest income	2,333	2,057
Interest expense	(870)	(992)
Total non-operating revenues (expenses)	11,463	1,065
 <b>NET INCOME LOSS</b>	11,622	(5,418)
 <b>RETAINED EARNINGS AT BEGINNING OF YEAR</b>	134,828	140,246
 <b>RETAINED EARNINGS AT END OF YEAR</b>	\$ 146,450	\$ 134,828

The accompanying notes are an integral part of these statements.

JEFFERSON DAVIS PARISH WATERWORKS DISTRICT NO. 1

Roanoke, Louisiana

PROPRIETARY FUND - ENTERPRISE FUND  
STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
<b>Cash flows from operating activities:</b>		
Operating income (loss)	\$ 159	\$ (6,483)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	5,421	5,185
Net changes in assets and liabilities:		
Decrease (increase) in accounts receivables	178	610
Increase (decrease) in accounts payable	474	(3,831)
Increase (decrease) in customer deposits payable	140	(1,200)
Increase (decrease) in payroll and other taxes payable	186	(471)
Increase (decrease) in accrued liabilities	264	(207)
<b>Net cash provided (used) by operating activities</b>	<u>6,822</u>	<u>(6,397)</u>
<b>Cash flows from noncapital financing activities:</b>		
Grant income	<u>10,000</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>		
Purchase of capital assets	(15,362)	-
Principle paid on notes	(3,324)	(3,203)
Interest paid on long-term debt	(870)	(992)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(19,556)</u>	<u>(4,195)</u>
<b>Cash flows from investing activities:</b>		
Interest income	<u>2,333</u>	<u>2,057</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(401)	(8,535)
<b>Cash and cash equivalents at beginning of year</b>	<u>83,087</u>	<u>91,622</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 82,686</u>	<u>\$ 83,087</u>
<b>Cash and cash equivalents at end of year consist of:</b>		
Unrestricted cash	\$ 51,274	\$ 53,279
Restricted cash	31,412	29,808
<b>Total</b>	<u>\$ 82,686</u>	<u>\$ 83,087</u>

The accompanying notes are an integral part of these statements.

# JEFFERSON DAVIS PARISH WATERWORKS DISTRICT NO.1

## Notes to the Financial Statements December 31, 1998 and 1997

### INTRODUCTION

The Waterworks District No. 1 of the Parish of Jefferson Davis (District) was created by the Jefferson Davis Parish Police Jury pursuant to LSA-RS 33.3811 in 1965. The District has the power and authority, within its boundaries, to establish, acquire, construct, improve, extend and maintain a waterworks system. The District is a subdivision of the State of Louisiana and may issue bonds and levy taxes in accordance with Article 6, Section 30.

Under the provision of LSA-RS 33:8812, the District shall be governed and controlled by five commissioners who shall be the governing authority of the district. These commissioners must be a resident of and own at least the five hundred dollars worth of real estate in the district, or they must be the representative of some corporation owning at least five hundred dollars in real estate in the district. These commissioners are appointed by the Jefferson Davis Police Jury. All commissioners shall serve at the pleasure of the authority which appointed them.

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. BASIS OF PRESENTATION

The accompanying financial statements 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 establishing governmental accounting and financial reporting principles.

##### B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Jefferson Davis Parish Police Jury is the financial reporting entity for Jefferson Davis Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Jefferson Davis Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

# JEFFERSON DAVIS PARISH WATERWORKS DISTRICT NO.1

## Notes to the Financial Statements December 31, 1998 and 1997

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the police jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints a voting majority of the board and has the ability to impose its will on that organization, the district was determined to be a component unit of the Jefferson Davis Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

### C. FUND ACCOUNTING

The Jefferson Davis Parish Waterworks District is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

### D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Fund equity is segregated into contributed capital (if any) and retained earnings components. Proprietary fund type operating statements present increases and decreases in net total assets. All proprietary funds are accounted for using the accrual basis of accounting. Their revenues



# JEFFERSON DAVIS PARISH WATERWORKS DISTRICT NO.1

## Notes to the Financial Statements December 31, 1998 and 1997

are recognized when they are earned, and their expenses are recognized when they are incurred.

### Revenues

Water distribution fees are reported in the month they are earned. These fees are assessed on or about the 20<sup>th</sup> of each month, become due on the first to the following month and are delinquent on the 10<sup>th</sup> of that month. A late fee of 10% is assessed on water distribution fees that are not paid by the 10<sup>th</sup> of the month in which they become delinquent and a disconnect fee of \$10.00 is assessed if the customer still has not paid by the 10<sup>th</sup> of the following month.

Interest earnings on time deposits with financial institutions are recorded when the time deposits have matured and the interest is available to the District.

### Expenditures

Expenditures are generally recognized under the accrual basis of accounting. That is, they are recognized when they are incurred.

## E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana Law or any other state of the United States, or under the laws of the United States.

## F. FIXED ASSETS

Fixed assets of the District are included on the balance sheet of the fund. Interest costs incurred during construction are capitalized. Depreciation of all exhaustible fixed assets are charged as an expense against operations. Fixed assets reported on the balance sheet are net of accumulated depreciation. All assets are valued at historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

# JEFFERSON DAVIS PARISH WATERWORKS DISTRICT NO.1

## Notes to the Financial Statements December 31, 1998 and 1997

Distribution, treatment, and filtering facilities	50 Years
Major equipment and facilities	20 Years
Minor equipment and facilities	10 Years
Office furniture and computers	5 Years

### G. RESTRICTED ASSETS

These assets consist of cash restricted for various purposes as detailed in Note 3.

### H. PENSION PLAN

The District has no full-time employees that qualify for participation in any of the public employee retirement systems.

### I. RESERVES

The District uses reserves to indicate that a portion of the fund balance or retained earnings is legally segregated for a specific future use. The District has cash reserves on deposit as is required by FHA.

## 2. CASH AND CASH EQUIVALENTS

At December 31, 1998 and 1997, the District has cash (book) balances totaling \$ 82,687 and \$83,087 as follows:

	1998	1997
Non-interest-bearing demand deposits	\$ 32,789	\$ 35,522
Interest bearing savings accounts	1,987	1,953
Certificates of deposits	47,911	45,612
Total	\$ 82,687	\$ 83,087

At December 31, 1998 and 1997, the District had \$ 83,436 and \$ 83,891 in deposits (collected bank balances). These balances were fully secured from risk by federal deposit insurance.

**JEFFERSON DAVIS PARISH WATERWORKS DISTRICT NO.1**

**Notes to the Financial Statements  
December 31, 1998 and 1997**

**3. RESTRICTED ASSETS**

Assets were restricted for the following purposes as of December 31, 1998 and 1997:

	<u>1998</u>	<u>1997</u>
Bond reserve account	\$ 8,666	\$ 8,230
Bond contingency account	20,981	19,953
Customer deposits	<u>1,765</u>	<u>1,625</u>
 Total	 <u>\$ 31,412</u>	 <u>\$ 29,808</u>

**4. PROPERTY, PLANT AND EQUIPMENT**

A summary of proprietary fund type property, plant and equipment at December 31, 1998 and 1997 follows:

	<u>1998</u>	<u>1997</u>
Land-right of way	\$ 400	\$ 400
Wells and pumpshed	36,386	34,966
Storage and treatment plant	105,176	92,002
Distribution system	59,133	58,365
Office equipment	<u>3,463</u>	<u>3,463</u>
 Total cost	 <u>\$ 204,558</u>	 <u>\$ 189,196</u>
Less accumulated depreciation	<u>(117,663)</u>	<u>(111,587)</u>
 Net	 <u>\$ 86,895</u>	 <u>\$ 77,609</u>

**5. LONG-TERM DEBT**

At December 31, 1998 and 1997, the long-term debt of the District consists of a note payable to the Farmers Home Administration. Changes in long-term debt for the year ended December 31, 1998 and 1997 are as follows:

	Balance at 12-31-97	Additions	Reductions	Balance at 12-31-98
Notes payable	\$ <u>24,927</u>	\$ <u>-0-</u>	\$ <u>3,325</u>	\$ <u>21,602</u>
	Balance at 12-31-96	Additions	Reductions	Balance at 12-31-97
Notes payable	\$ <u>28,130</u>	\$ <u>-0-</u>	\$ <u>3,203</u>	\$ <u>24,927</u>

Long-term debt at December 31, 1998 and 1997 is comprised of the following:

	1998	1997
\$ 83,000 Farmers Home Administration note, payable in Monthly installments of \$350, including principal and interest, to August 15, 2004, interest at 3.75%	\$ <u>21,602</u>	\$ <u>24,927</u>

The annual requirements to amortize all debt outstanding at December 31, 1997 and 1998 including interest are as follows:

Year ended December 31	1998	1997
1998	\$ -0-	\$ 4,200
1999	4,200	4,200
2000	4,200	4,200
2001	4,200	4,200
2002	4,200	4,200
2003	4,200	4,200
2004	3,154	3,154
Total Principal and Interest	\$ <u>24,154</u>	\$ <u>28,354</u>
Less Interest	<u>(2,551)</u>	<u>(3,427)</u>
Total Principal Payable	\$ <u>21,603</u>	\$ <u>24,927</u>

## 6. LITIGATION AND CLAIMS

The District is not presently involved in any litigations as plaintiff or defendant.

## 7. YEAR 2000 COMPLIANCE

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

The District has not inventoried computer systems and other electronic equipment that may be affected by the Year 2000 issue and that are necessary to conducting operations. It is unknown as of December 31, 1998, what effects, if any, failing to remediate any such systems will have upon the District's operations and financial reporting.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, the District's remediation efforts will be successful in whole or in part, or the parties with whom the District does business will be Year 2000 ready.

**SUPPLEMENTAL INFORMATION**

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

Board of Commissioners  
Jefferson Davis Parish Waterworks District No. 1  
Jefferson Davis Parish Police Jury  
Roanoke, Louisiana

I have audited the general purpose financial statements of the Jefferson Davis Parish Waterworks District No. 1, a component unit of the Jefferson Davis Parish Police Jury, as of and for the year ended December 31, 1998, and have issued my report thereon dated May 21, 1999. I conducted my 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.

**Compliance**

As part of obtaining reasonable assurance about whether Jefferson Davis Parish Waterworks District No. 1's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 my audit and, 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*.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the Jefferson Davis Parish Waterworks District No. 1's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the Jefferson Davis Parish Waterworks District No. 1's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying summary schedule of prior audit findings as item 96-1, since this condition also existed in the prior year.

A material weakness is a condition in which the design or operation of one or more 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 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 over financial reporting would not necessarily disclose all matters in the internal control that might be reportable

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

conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above I consider item 96-1 to be a material weakness.

This report is intended for the information of the District's Board of Commissioners, management, and the Louisiana Legislative Audit Advisory Council. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant

Jennings, Louisiana  
May 21, 1999

**JEFFERSON DAVIS PARISH WATERWORKS DISTRICT NO. 1**  
 Roanoke, Louisiana

**SCHEDULE OF PRIOR AUDIT FINDINGS**  
 For the Year Ended December 31, 1998

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken	Additional Explanation
<b>SECTION I- INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>					
96-1	1996	Due to small number of employees the District does not have adequate segregation of functions within accounting system. This condition still exists at December 31, 1998	No-see additional explanation.	Change may not be feasible.	Based upon the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.
<b>SECTION II-INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>					
N/A	N/A	N/A	N/A	N/A	N/A
<b>SECTION III-MANAGEMENT LETTER</b>					
96-2	1996	The water being distributed to the customers of the district is not being properly metered as it leaves the plant. As a result the District is not able to determine the amount of water being lost through possible theft, leaks, or faulty metering.	Yes	As of December 31, 1997, a meter had been installed to meter the water as it leaves the plant. Due to the problems encountered with the water filtering system, the new meter has malfunctioned on and off during 1998. We have regenerated and repaired the filtering system and installed a new meter once again in order to correct this deficiency.	



**JEFFERSON DAVIS PARISH WATERWORKS DISTRICT NO. 1**  
**Roanoke, Louisiana**

**MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS**  
**For the Year Ended December 31, 1998**

Ref. No.	Description of Finding	Corrective Action Planned	Name(s) of Contact Person(s)	Anticipated Completion Date
<b>SECTION I-INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>				
N/A	N/A	N/A	N/A	N/A
<b>SECTION II-INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>				
N/A	N/A	N/A	N/A	N/A
<b>SECTION III-MANAGEMENT LETTER</b>				
N/A	N/A	N/A	N/A	N/A

**JEFFERSON DAVIS PARISH WATERWORKS DISTRICT NO. 1**  
Roanoke, Louisiana

**SCHEDULE OF COMPENSATION PAID TO COMMISSIONERS**  
For the Year Ended December 31, 1998 and 1977

	<u>1998</u>	<u>1997</u>
Raymond Brown	\$ 720	\$ 720
Clayton Ravey	550	600
Jacqueline Hayes	600	550
Joseph Thibodeaux	600	600
Harold Menard	550	500
	<u>          </u>	<u>          </u>
Total	\$ <u>3,020</u>	\$ <u>2,970</u>

**JEFFERSON DAVIS PARISH WATERWORKS DISTRICT NO. 1**  
**Roanoke, Louisiana**

**Additional Information Required by Unites States Department of Agriculture**  
**For the Year Ended December 31, 1998**

1. Accounts receivable were aged as follows:

Current	\$ 3,167
Past Due	239
	<u>\$ 3,406</u>

2. Number of residential and commercial customers: 216

3. Schedule of insurance in force was as follows:

<u>Policy No.</u>	<u>Company</u>	<u>Agent</u>	<u>Type Coverage</u>	<u>Amount Coverage</u>	<u>Effective Date</u>	
					<u>From</u>	<u>To</u>
GL000-507-89-1199	Amoco	Daly Williams Agency	General Liability	General Aggregate \$2,000,000	2/1/98	2/1/99
				Products-comp/op Agg. \$2,000,000 Bodily Injury & Prop. Damage \$1,000,000 Personal & adv. Injury \$1,000,000 Each occurrence \$1,000,000 Fire damage \$50,000 Medical expense \$5,000		
AM-CFP531384	American International South	Daly Williams Agency	Water filtration System Fire(90% Coinsurance)	Bldg./Elec. System \$31,000 Water filtration System \$62,000 Elec. Motors/pumps \$14,000	6/11/98	6/11/99

4. Schedule of water rates used were as follows:

0 to 3,000 gallons are billed \$10.00

Consumption over 3,000 gallons is charged \$0.15 per every 100 gallons

10% late fee is assessed on past dues