

SEP 10 1998

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PARISH OF ASCENSION, LOUISIANA
WATERWORKS DISTRICT NO. 4
DONALDSONVILLE, LOUISIANA
AUGUST 31, 1998

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 JAN 15 1999

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P.J. CABALLERO, CPA

A Professional Corporation

32570 GRAHAM STREET SUITE A

WHITE CASTLE, LA. 70788-2210

A.C. 504 545-3192

INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners of the
Parish of Ascension, Louisiana
Waterworks District No. 4

I have audited the accompanying component unit financial statements of the Parish of Ascension, Louisiana - Waterworks District No. 4, a component unit of the Parish of Ascension, Louisiana, as of and for the year ended August 31, 1998, as listed in the table of contents. These component unit financial statements are the responsibility of the Parish of Ascension, Louisiana - Waterworks District No. 4's management. My responsibility is to express an opinion on these component unit financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Parish of Ascension, Louisiana - Waterworks District No. 4 as of August 31, 1998, and the results of its operations and cash flows of its proprietary fund for the year then ended in conformity with generally accepted accounting principles.

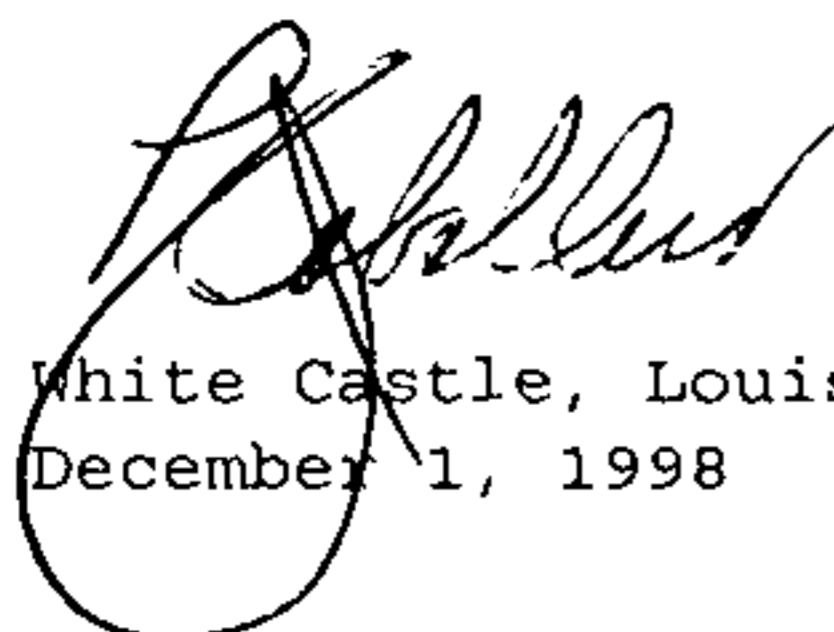
It is my further opinion that the accounting requirements of the bond indenture, under which outstanding utility revenue bonds were issued, have been met.

My audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The accompanying financial information listed as schedules in the table of contents is presented

for purposes of additional analysis and is not a required part of the financial statements of the Parish of Ascension, Louisiana - Waterworks District No. 4. Such information, except for that portion marked "unaudited", on which I express no opinion, has been subjected to the auditing procedures applied in the audit of the component unit financial statements, and, in my opinion, is fairly stated in all material respects in relation to the component unit financial statements taken as a whole.

In accordance with Government Auditing Standards, I have also issued a report dated December 1, 1998 on our consideration of the Parish of Ascension, Louisiana - Waterworks District No. 4's internal control and compliance.

The financial information for the preceding year, which is included for comparative purposes was taken from the financial report for the year in which I expressed an unqualified opinion on the component unit financial statements. of the Parish of Ascension, Louisiana - Waterworks District No. 4.



White Castle, Louisiana
December 1, 1998

P.J. CABALLERO, CPA

A Professional Corporation

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A.C. 504 545-3192

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

Commissioners of the Parish of Ascension, Louisiana -
Waterworks District No. 4

I have audited the component unit financial statements of the Parish of Ascension Louisiana Waterworks District No. 4, a component unit of the parish, for the year ended August 31, 1998 and have issued my report thereon dated December 1, 1998. 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 the Parish of Ascension Louisiana Waterworks District No. 4's component unit financial statements are free of material misstatements, I performed tests of 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. I have also noted certain immaterial instances of noncompliance that I have reported to management of the Parish of Ascension Louisiana Waterworks District No. 4 in a separate letter dated December 1, 1998.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Parish of Ascension, Louisiana Waterworks District No. 4's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the component unit 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 operations 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 Parish of Ascension, Louisiana

Waterworks District No. 4's ability to record, process, summarize and and report financial data consistent with the assertions of management in the component unit financial statements.

The size of the entity prohibits an adequate segregation of duties. Proper segregation of duties is an essential element in an internal control.

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 component unit 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 conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

Management's Response

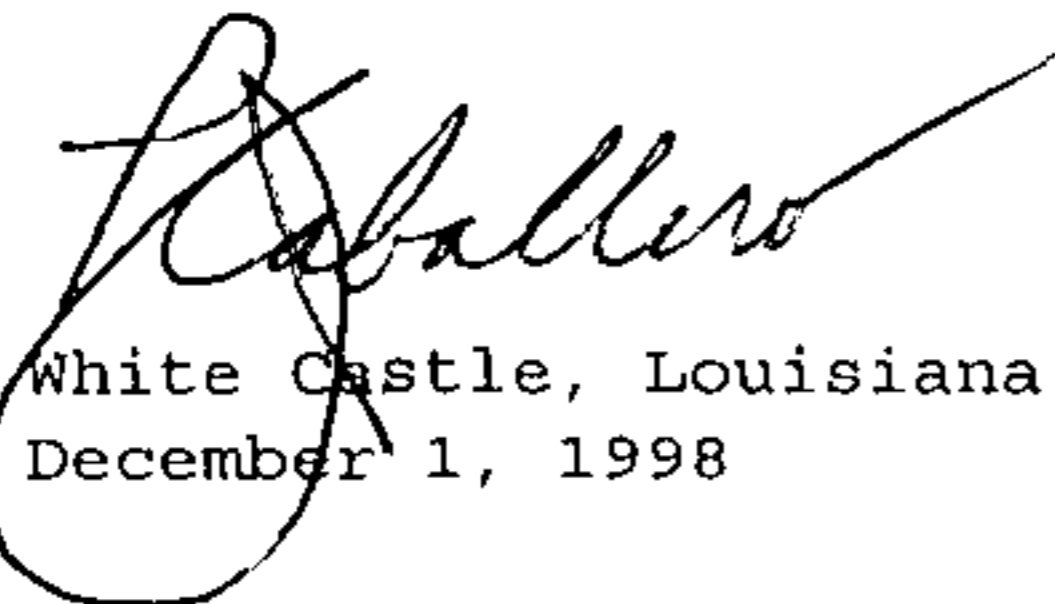
Providing adequate segregation of duties is cost prohibitive given the size of this entity.

These conditions were considered in determining the nature, timing, and extent of the auditing tests to be applied in my audit of the 1998 financial statements. This report does not affect my report on the financial statements dated December 1, 1998.

PRIOR AUDIT FINDINGS

In my prior audit of the Parish of Ascension, Louisiana Waterworks District No. 4 I recommended that procedures be established to frequently monitor differences between the amount of water purchased and the amount sold to its customers to help minimize future losses.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass through entities. However, this report is a matter of public record and its distribution is not limited.



White Castle, Louisiana
December 1, 1998

COMPONENT UNIT FINANCIAL STATEMENTS

BALANCE SHEET

WATERWORKS DISTRICT NO. 4 OF THE PARISH OF ASCENSION, LOUISIANA

AUGUST 31, 1998 AND 1997

	-----AUGUST 31,-----	
	1998	1997
	----	----
ASSETS		
CURRENT ASSETS		
Cash (demand and time deposits)	\$ 8,393	\$ 6,619
Accounts receivable and accrued water sales (net of allowance for uncollectible accounts of \$1,800 in 1998 and \$1,800 in 1997)	12,035	14,067
Other receivables	0	0
Prepaid insurance	1,995	1,828
	-----	-----
	22,423	22,514
	-----	-----
RESTRICTED ASSETS - CASH (Note C)		
Revenue bond and interest sinking fund - cash (includes time deposits of \$5,109)	10,385	5,527
Due from operation account	4,252	4,252
Revenue bond reserve fund (savings deposits)	11,396	11,072
Replacement and extension fund (savings deposits)	7,533	7,319
Customers' meter deposits (demand and time deposits)	4,048	3,946
	-----	-----
	37,614	32,116
	-----	-----
FIXED ASSETS		
Plant and equipment (at cost, net of accumulated depreciation of \$90,798 for 1998 and \$86,907 for 1997)	64,808	68,089
	-----	-----
OTHER ASSETS		
Unamortized debt expense	926	1,062
	-----	-----
	\$ 125,771	\$ 123,781
	=====	=====

The accompanying notes are an integral part of this statement.

Continued . . .

Exhibit A
Continued

	-----AUGUST 31,-----	
	1998	1997
	----	----
LIABILITIES AND RETAINED EARNINGS		
CURRENT LIABILITIES		
Payable from current assets:		
Accounts payable	\$ 8,205	\$ 9,909
Taxes payable	239	220
Due to revenue bond and interest account	4,252	4,252
	-----	-----
	12,696	14,381
	-----	-----
Payable from restricted assets:		
Bonds payable - September 1	4,000	0
Interest Coupons maturing September 1	1,980	0
Customers' meter deposits	4,825	4,130
	-----	-----
	10,805	4,130
	-----	-----
	23,501	18,511
	-----	-----
LONG-TERM LIABILITIES		
Revenue bonds payable (Note B)	66,000	66,000
Less: Amount currently due	4,000	0
	-----	-----
	62,000	66,000
	-----	-----
	85,501	84,511
	-----	-----
RETAINED EARNINGS		
Contributed capital:		
Customers	20,715	20,500
Federal Grant	46,000	46,000
	-----	-----
	66,715	66,500
	-----	-----
Accumulated deficit:		
Reserved for revenue bond and interest retirement	27,575	22,365
Reserved for replacements and extensions	7,533	7,319
Unreserved	(61,553)	(56,914)
	-----	-----
	(26,445)	(27,230)
	-----	-----
	40,270	39,270
	-----	-----
	\$ 125,771	\$ 123,781
	=====	=====

The accompanying notes are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
RETAINED EARNINGS - PROPRIETARY FUND TYPE

WATERWORKS DISTRICT NO. 4 OF THE PARISH OF ASCENSION, LOUISIANA
FOR THE YEARS ENDED AUGUST 31, 1998 AND 1997

	ENTERPRISE FUND	
	1998	1997
	-----	-----
OPERATING REVENUES		
Sale of water	\$ 97,767	\$ 89,145
Forfeited discounts	3,481	3,564
Service charges	404	428
	-----	-----
	101,652	93,137
	-----	-----
OPERATING EXPENSES (OTHER THAN DEPRECIATION)		
Cost of water	63,415	61,936
Management fees and service charges	14,061	13,602
Repairs and maintenance	6,302	4,553
Professional fees	2,942	2,918
Insurance expense	2,348	2,315
Commission fee	4,920	3,180
Uncollectible accounts	0	2,092
Water treating chemicals	196	507
Miscellaneous	344	256
	-----	-----
	94,528	91,359
	-----	-----
INCOME FROM OPERATIONS (BEFORE DEPRECIATION)	7,124	1,778
DEPRECIATION	3,890	3,875
	-----	-----
INCOME FROM OPERATIONS	3,234	(2,097)
	-----	-----
NONOPERATING REVENUES		
Interest earned	785	786
Other income	191	61
Bad debt recovery	688	0
	-----	-----
	1,664	847
	-----	-----
NONOPERATING EXPENSES		
Interest expense	3,977	4,200
Amortization of deferred debt expense	136	144
	-----	-----
	4,113	4,344
	-----	-----
NET INCOME (LOSS)	785	(5,594)
Retained earnings - beginning of year	(27,230)	(21,636)
	-----	-----
Retained earnings - end of year	\$ (26,445)	\$ (27,230)
	=====	=====

The accompanying notes are an integral part of this statement.

STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE

WATERWORKS DISTRICT NO. 4 OF THE PARISH OF ASCENSION, LOUISIANA
FOR THE YEARS ENDED AUGUST 31, 1998 AND 1997

	-----AUGUST 31,-----	
	1998	1997
	----	----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 785	\$ (5,594)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	\$ 4,026	\$ 4,019
Provision for losses on accounts receivable	0	0
(Increase) decrease in accounts receivable	2,031	890
(Increase) decrease in other receivables	0	0
(Increase) decrease in prepaid expenses	(167)	0
Increase (decrease) in accounts payable	(1,704)	6,692
Increase (decrease) in taxes payable	19	(61)
Increase (decrease) in restricted liabilities	2,675	895
	-----	-----
Total adjustments	\$ 6,880	\$ 12,435
Net cash provided by operating activities	\$ 7,665	\$ 6,841
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	\$ (610)	\$ (461)
	-----	-----
Net cash used in investing activities	\$ (610)	\$ (461)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payment of long term debt	\$ 0	\$ (4,000)
Capital contributed by customers	215	470
	-----	-----
Net cash provided by financing activities	\$ 215	\$ (3,530)
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 7,270	\$ 2,850
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	34,481	31,631
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note A)	\$ 41,751	\$ 34,481
	=====	=====

The accompanying notes are an integral part of this statement.

WATERWORKS DISTRICT NO. 4 OF THE PARISH OF ASCENSION, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 AUGUST 31, 1998

NOTE A: SIGNIFICANT ACCOUNTING POLICIES

Fund structure

Water District No. 4 of the Parish of Ascension, Louisiana, a component unit of the parish, is a proprietary type fund, more specifically an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing water service to the general public on a continuing basis be financed or recovered primarily through user charges.

Basis of accounting

This proprietary fund is accounted for using the accrual basis of accounting, that is, revenues are recognized when earned and expenses are recognized when incurred. Unbilled charges for water service are included in accounts receivable at year end.

Cash and cash equivalents

Cash and cash equivalents presented in the statement of cash flows include demand and time deposit accounts. On August 31, 1998 Waterworks District No. 4 of the Parish of Ascension, Louisiana had bank balances in one bank as follows:

	Balance	FDIC Insurance
Louisiana National Security Bank Donaldsonville, Louisiana	\$ 41,751	\$ 100,000

Restricted assets

Restricted assets on the balance sheet represent (1) amounts which are required to be maintained pursuant to the District's revenue bond resolution (bond interest and redemption, bond reserves, and reserves for contingency and improvements, see note (C) and (2) funds held for customer deposits.

Utility plant

Plant and equipment is stated at cost less accumulated depreciation. Depreciation is recorded on the straight-line method over an estimated useful life of 40 years.

NOTE A: SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred debt expense

Amortization of deferred debt expense is recognized on the "bonds outstanding" method over the life of the bond issue.

Changes in contributed capital

Contributed capital increased by \$ 215 for the year ended August 31, 1998.

Retained earnings - deficit

The retained earnings deficit on the balance sheet on August 31, 1997 and August 31, 1998 was \$27,230 and \$26,445 respectively. The decrease in the deficit was primarily due to a decrease in water loss for the year ended August 31, 1998.

Risk of loss

The district is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and natural disasters. The district purchases commercial insurance for all risks of loss. There have been no insurance claims or reduction in insurance coverage for the past three years.

NOTE B: BONDED INDEBTEDNESS

The U. S. Department of Housing and Urban Development was purchaser of the entire issue of water revenue bonds amounting to \$125,000 dated September 1, 1971. The bonds bear interest of 6%, payable semi-annually on March 1, and September 1, of each year and mature serially as shown in the following schedule.

Due September 1 -----	Serial Payments		Bond Numbers -----
	Annual	Total	
1998 - 2001	4,000	16,000	49 - 75
2002 - 2011	5,000	50,000	76 -125

		\$ 66,000	
		=====	

The bonds are callable at par plus a premium of 3% except that the call premium is reduced 1/2 of 1% each five years after the first call date (September 1, 1982).

NOTE C: FLOW OF FUNDS; RESTRICTIONS ON USE

Under the terms of the bond indenture on outstanding water utility bonds dated September 1, 1971, all income and revenue (hereinafter referred to as revenue) of every nature, earned or derived from operations of the Utility System are pledged and dedicated to the retirement of said bonds, and are to be set aside into the "Water System Revenue Fund."

NOTE C: FLOW OF FUNDS; RESTRICTIONS ON USE (Continued)

Such revenue shall be expended and used only in the manner and order specified below.

The first charge against the Water System Revenue Fund shall be the payment of the reasonable and necessary expenses incurred in the current operation and maintenance of the system.

Each month there will be set aside into a fund called the "Revenue Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and 1/6 of the next maturing installment of interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payments of principal and interest installments as they become due, and may be used only for such payments. During fiscal 1998 all transfers were made on a timely basis.

Each month there shall also be set aside into a "Revenue Bond Reserve Fund" an amount equal to 10% of the sum transferred to the Bond Sinking Fund until such time as the funds and/or investments in the Revenue Bond Reserve fund shall equal \$8,000. Thereafter, such monthly transfers will be made whenever, and to the extent necessary, to maintain the balance of \$8,000. Money in the Reserve Fund may be used solely for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Sinking Fund and as to which there would otherwise be a default.

Funds will also be set aside into a "Replacement and Extension Fund" by monthly transfers of \$79 until the amount of \$4,700 is on deposit in the fund and said fund shall, thereafter, be maintained in said amount. Money in this fund may be used for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, replacements and extensions and for paying the costs of improvements to the system which will either enhance its revenue-producing capacity or provide a higher degree of service. Money in this fund may also be used to pay principal and/or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds and to maintain the required debt reserve of \$8,000.

Any balance in the "Water System Revenue Fund" may be used for the purpose of acquiring for cancellation the outstanding Revenue Bonds or for redeeming the outstanding Revenue bonds in inverse numerical order at not to exceed the applicable call price, or for any other lawful purpose.

NOTE D: COMMENTS ON COMPLIANCE

The terms and conditions of the loan agreement and the regulations, policies, and procedures prescribed by its governing board and by H.U.D. regarding the Public Facility Loans Program were complied with.

NOTE E: WATER LOSS

At various times in prior years the district experienced significant differences between the amount of water purchased from its supplier and the amount sold to its customers. Water loss data for the three most recent years is illustrated below:

	1998	1997	1996
Water purchased	24,013	25,934	22,642
Water sold	17,663	15,875	15,955
Water unaccounted for	6,350	10,059	6,687
Percent unaccounted for	26 %	39 %	30 %

Based on the average cost per thousand gallons of water, for the respective years, the cost of the water that is unaccounted for amounted to approximately \$16,700.50 1998, \$23,538 in 1997 and \$14,912 in 1996.

Note F: OTHER GENERAL INFORMATION

1. In 1997, revenues were derived from the sale of water at the following rates:

Effective July 1, 1994:

First 2,000 gallons or less	\$15.98 (Minimum)
All over 2,000 gallons	\$4.61 per thousand gallons

2. Names and titles of principal officers and per diem paid to each.

		Per Diem
President	Robert Bourg	\$ 1,080.00
Member	Sherry White	900.00
Member	Hebert Brunswick	1,080.00
Sec/Treas	Leonard Julien Jr	960.00
Member	Charles Taylor	900.00
		\$ 4,920.00

SUPPLEMENTARY INFORMATION

WATERWORKS DISTRICT NO. 4 OF THE PARISH OF ASCENSION, LOUISIANA
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - RESTRICTED ACCOUNTS
 YEAR ENDED AUGUST 31, 1998

	CASH WITH PAYING AGENT	REVENUE BOND AND INTEREST SINKING FUND	REVENUE BOND RESERVE FUND	REPLACEMENT AND EXTENSION FUND
	-----	-----	-----	-----
Cash (including time de- posits), August 31, 1997)	\$ 0	\$ 418	\$ 11,072	\$ 7,319
Cash receipts:				
Interest earned	0	48	324	214
Transfer from Operating Account	0	6,695		0
Transfer from Revenue Bond and Interest Sinking Fund	1,980	0		0
	-----	-----	-----	-----
Total cash available	1,980	7,161	11,396	7,533
	-----	-----	-----	-----
Cash disbursements:				
Principal payment	0	0	0	0
Interest payment	1,980	0	0	0
Transfer to Operating Account	0	0	0	0
Transfer to Paying Agent	0	1,980	0	0
Transfer to Revenue Bond Reserve Fund	0	0	0	0
Bank charges	0	0	0	0
	-----	-----	-----	-----
Total cash disbursements	1,980	1,980	0	0
	-----	-----	-----	-----
Cash (including time de- posits), August 31, 1998	\$ 0	\$ 5,181	\$ 11,396	\$ 7,533
	=====	=====	=====	=====

WATERWORKS DISTRICT NO. 4 OF THE PARISH OF ASCENSION, LOUISIANA
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - RESTRICTED ACCOUNTS
YEAR ENDED AUGUST 31, 1997

	CASH WITH PAYING AGENT	REVENUE BOND AND INTEREST SINKING FUND	REVENUE BOND RESERVE FUND	REPLACEMENT AND EXTENSION FUND
	-----	-----	-----	-----
Cash (including time de- posits), August 31, 1996)	\$ 0	\$ 265	\$ 10,773	\$ 7,121
Cash receipts:				
Interest earned	0	153	299	198
Transfer from Operating Account	0	8,200	0	0
Transfer from Revenue Bond and Interest Sinking Fund	8,200	0	0	0
	-----	-----	-----	-----
Total cash available	8,200	8,618	11,072	7,319
	-----	-----	-----	-----
Cash disbursements:				
Principal payment	4,000	0	0	0
Interest payment	4,200	0	0	0
Transfer to Operating Account	0	0	0	0
Transfer to Paying Agent	0	8,200	0	0
Transfer to Revenue Bond Reserve Fund	0	0	0	0
Bank charges	0	0	0	0
	-----	-----	-----	-----
Total cash disbursements	8,200	8,200	0	0
	-----	-----	-----	-----
Cash (including time de- posits), August 31, 1997	\$ 0	\$ 418	\$ 11,072	\$ 7,319
	=====	=====	=====	=====

OPERATIONS

	-----AUGUST 31,-----	
	1998	1997
	-----	-----
Water revenues	\$ 97,767	\$ 89,145
Gallons sold (in thousands)	17,663	16,036
Total customer billings for the year	2,001	1,965
Average revenue per thousand gallons sold	\$ 5.54	\$ 5.56
Average monthly billings	167	164
Average annual revenue per customer	\$ 586.31	\$ 544.40
Average annual water usage (in thousand gallons) per customer	105.93	97.93

P.J. CABALLERO, CPA

A Professional Corporation

32570 GRAHAM STREET SUITE A

WHITE CASTLE, LA. 70788-2210

A.C. 504 545-3192

December 1, 1998

Board of Directors

Parish of Ascension, Louisiana - Waterworks District No. 4
Donaldsonville, Louisiana

I have audited the component unit financial statements of the Parish of Ascension, Louisiana Waterworks District No. 4 for the year ended August 31, 1998 and have issued my report thereon dated December 1, 1998. As a part of my audit, I made a study and evaluation of the District's internal control and compliance with laws and regulations as required by generally accepted auditing standards. I recommend that management consider the following comments and suggestions relative to the District's operating procedures, internal control and compliance with laws and regulations:

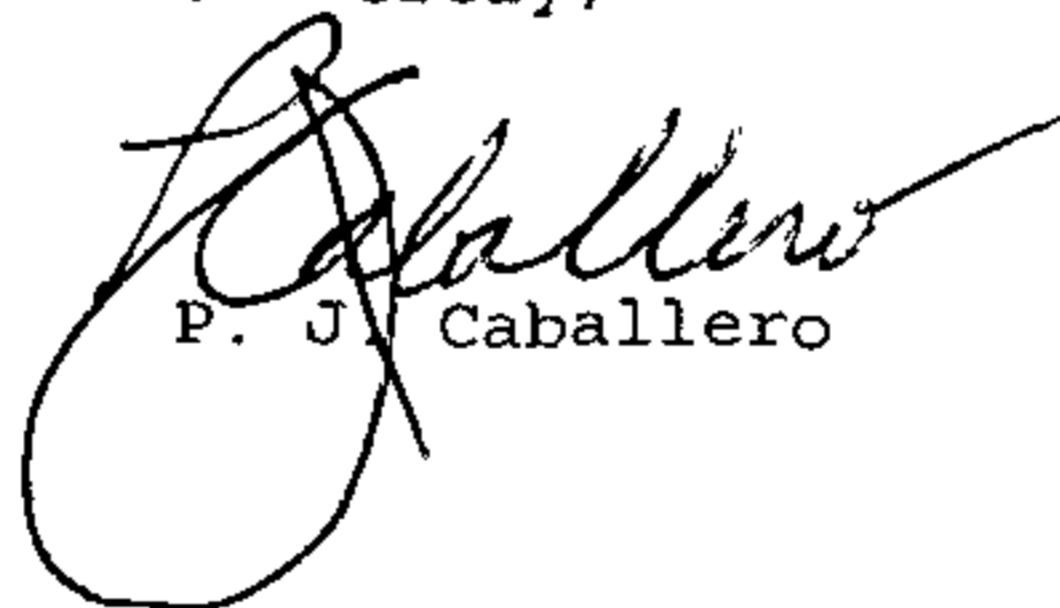
- 1 - Establish procedures to assure compliance with Louisiana's Public Policy For Open Meetings Law R. S. 42:4.1 through 42:13.

Exhibit A to this letter discusses my comments and recommendations in detail.

I will be pleased to discuss these matters further with you at your convenience, or to assist you in their implementation.

I thank the officers of the District and the employees of the systems operator for the cooperation given me during the course of my audit.

Sincerely,


P. J. Caballero

PJC/LLH

EXHIBIT A

The district failed to provide minutes of the meetings for the audit

period September 1997 through August 1998. There is no documentation to

support that minutes were actually taken and recorded for each meeting.

Procedures should be established to assure that the district has avail-

able properly recorded minutes of all meetings as required by state

statutes.

INSURANCE IN FORCE
AUGUST 31, 1998

UNAUDITED

Insurance in force at August 31, 1998 was as follows:

(a) commercial general liability:

General Aggregate Limit (Other Than Products-Completed Operations)	\$ 1,000,000
Products-Completed Operations Aggregate Limit	1,000,000
Personal and Advertising Injury Limit	500,000
Each Occurrence Limit	500,000
Fire Damage Limit (Any One Fire)	50,000
Medical Expense Limit (Any One Person)	5,000

(b) automobile liability

Combined Single Limit	\$ 500,000
-----------------------	------------

(c) other

Blanket Employee Dishonesty	\$ 15,000
-----------------------------	-----------

The above schedule of insurance coverage is intended only as a descriptive summary and the independent accountant expresses no opinion as to the adequacy of such coverage.

G.J.H., Inc.

P.O. Box 60
White Castle, La 70788

545-3989
545-8232

December 15, 1998

Dr. Daniel G. Kyle, Legislative Auditor
State Of Louisiana
P. O. Box 94397
Baton Rouge, La. 70804-9397

re: Corrective Action Plan

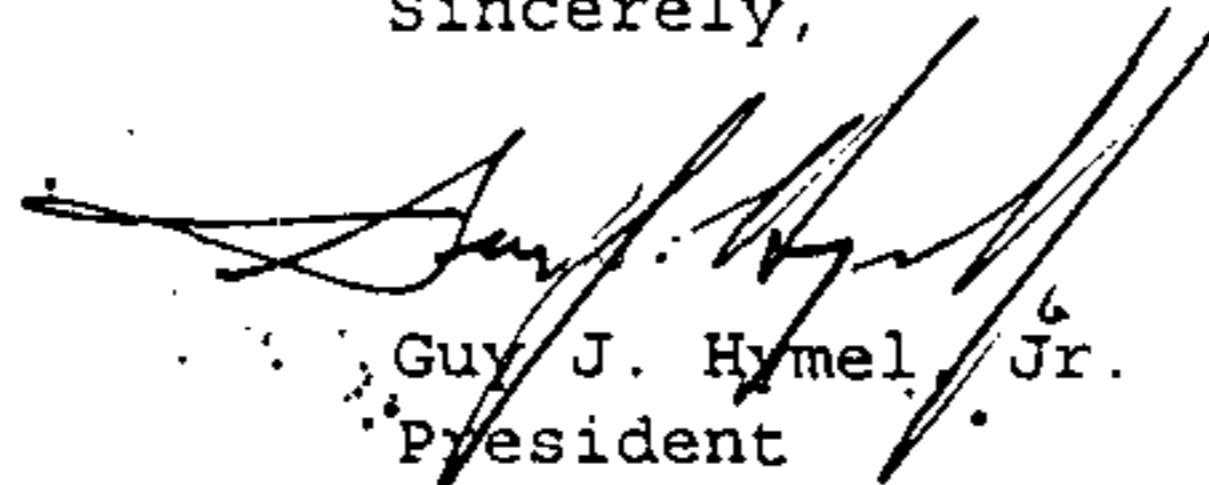
Dear Dr. Kyle:

As a result of a recent audit of the financial statements of the Waterworks District No. 4 of the Parish of Ascension, Louisiana the auditor discussed a management letter issue that requires some correction. As the operator for the district, below is the corrective action that management will implement to comply.

- 1 - The secretary or appointed board member will be required to present a copy of the minutes to myself and the president of the district the following week to assure that the district is in compliance with the open meetings law.

Please let me know if you have any questions.

Sincerely,



Guy J. Hymel, Jr.
President

PJC/LLH