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SOUTHWEST ANDRETTA WARDENHOUS DISTRICT
WENNER, LOUISIANA

FINANCIAL REPORT
December 31, 1966

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Release Date... SEP 25 1967

BERNARD J. RACHAL
CERTIFIED PUBLIC ACCOUNTANT

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WENNER, LOUISIANA

SOUTHWEST AVOULELLES WATERWORKS DISTRICT
BIXBIE, LOUISIANA

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INDEPENDENT AUDITOR'S REPORT ON THE COMPONENT UNIT FINANCIAL STATEMENTS

Board of Directors
Southwest Avoyelles Waterworks District
Bunkie, Louisiana

I have audited the accompanying financial statements of Southwest Avoyelles Waterworks District, Bunkie, Louisiana, a component unit of the Avoyelles Parish Police Jury, as of December 31, 1999 and for the year then ended. These component unit financial statements are the responsibility of Southwest Avoyelles Waterworks District'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 Southwest Avoyelles Waterworks District, Bunkie, Louisiana, as of December 31, 1999, and the results of its operations and the cash flows for the year then ended, in conformity with generally accepted accounting principles.

Board of Directors
Southwest Avoyelles Waterworks District
Page 2

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 "Supplementary Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the component unit financial statements of the Southwest Avoyelles Waterworks District. Such information 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.

The financial information for the preceding year, which is included for comparative purposes was taken from the financial report for that year in which I expressed in my report dated August 16, 1995 an unqualified opinion on the component unit financial statements of Southwest Avoyelles Waterworks District.

Kenneth J. Rachel

Sumner, Louisiana
June 18, 1996



Kenneth J. Rachal

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON A FINANCIAL STATEMENT AUDIT CONDUCTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Southwest Acrycelles Waterworks District
Bunkie, Louisiana

I have audited the component unit financial statements of Southwest Acrycelles Waterworks District, Bunkie, Louisiana, as of and for the year ended December 31, 1995, and have issued my report thereon dated June 28, 1996.

I conducted my audit in accordance with generally accepted auditing standards and Management 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.

In planning and performing my audit of the component unit financial statements of Southwest Acrycelles Waterworks District for the year ended December 31, 1995, I considered its internal control structure 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 structure.

The management of Southwest Acrycelles Waterworks 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 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.

For the purpose of this report, I have classified the significant internal control structure policies and procedures in the following categories:

- Cash and investments
- Service revenue and receivables proprietary fund types
- Expenditures for goods and services and accounts payable
- Property, equipment and capital expenditures
- Debt and debt service expenditures

For all of the control categories listed above, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk.

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

1. Deficiencies in control structure design:

- A. Inadequate segregation of duties-The system does not have a proper segregation of duties. This weakness is due to the small size of the System and, therefore, its inability to prevent overlapping of duties.

Response: No response is necessary.

2. Failures in the operation of the internal control structure:

- A. The Corporation general ledger was not in balance and interest income and property tax revenue was not recorded in the general ledger.

I recommend the bookkeeper run totals on the general ledger each month to insure it is in balance. Also, all bank accounts should be reconciled every month and compared to the general ledger balances.

Board of Directors
Southwest Acrylites Waterworks District
Page 1

Response: The bookkeeper will set up standard journal entry sheets in order to record and post these entries to the general ledger. A bank reconciliation will be prepared each month and compared to the general ledger.

B. The prior year comments were repeated in this year's findings.

I recommend controls should be instituted to insure findings are corrected on a timely basis.

Response: There was illness involved with the responsible party's family, limiting the time available to process the general ledger and journal entries. That situation has passed and the necessary documents and journal entries will be made.

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 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 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. I believe the reportable conditions described above are material weaknesses.

I also noted certain recommendations for improvement in its internal control structure that I have reported to the management of Southwest Acrylites Waterworks District in a separate letter dated June 16, 1998.

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

Kenneth J. Roubel
Bossier, Louisiana
June 16, 1998



Kenneth J. Rachal

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND
REGULATIONS BASED ON AN AUDIT OF COMPONENT UNIT
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS ISSUED BY THE GAO

Board of Directors
Southwest Avoyelles Waterworks District
Waskie, Louisiana

I have audited the component unit financial statements of Southwest Avoyelles Waterworks District, Waskie, Louisiana, for the year ended December 31, 1993, and have issued my report thereon dated June 24, 1994.

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.

Compliance with laws, regulations, contracts, and grants applicable to Southwest Avoyelles Waterworks District, Waskie, Louisiana, is the responsibility of Southwest Avoyelles Waterworks District, Waskie, Louisiana, management. As part of obtaining reasonable assurance about whether the component unit financial statements are free of material misstatement, I performed tests of Southwest Avoyelles Waterworks District compliance with certain provisions of laws, regulations, and contracts. However, my objective was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

Board of Directors
Southwest Acrycelles Waterworks District
Page 1

The results of my tests indicate that, with respect to the items tested, Southwest Acrycelles Waterworks District, Rankin, Louisiana, complied, in all material respects, with the provisions referred to in the preceding paragraph, except as noted below. With respect to items not tested, nothing came to my attention that caused me to believe that Southwest Acrycelles Waterworks District had not complied, in all material respects, with these provisions.

Noncompliance with recordkeeping requirement

Finding:

Per Louisiana law, records are to be kept in such a way as to be accurate and meaningful. As was mentioned in a the internal control letter dated June 26, 1986, the general ledger was not in balance and some transactions had not been posted to the general ledger.

Recommendation:

The Corporation needs to ensure the all transactions are posted to the general ledger and the general ledger is balanced after all postings are made.

Response:

This will be corrected for the 1986 year.

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

Kenneth J. Roubal

Hessmer, Louisiana
June 28, 1986

COMPONENT UNIT FINANCIAL STATEMENTS

SOUTHWEST MOBILE WATERWORKS DISTRICT
DIXIE, LOUISIANA

PROPRIETARY FUND TYPE - ENTERPRISE FUND
COMPARATIVE BALANCE SHEET
December 31, 1985 and 1984

	1985	1984
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,702	\$ -
Investments	-	10,433
Accounts Receivable		
Water Revenue	7,409	6,613
Accrued Interest	-	33
Prepaid Insurance	155	294
Total Current Assets	8,366	17,373
RESTRICTED ASSETS		
Cash	40,104	48,228
Investments	31,360	35,008
Property Taxes Receivable	8,381	8,288
Accrued Interest Receivable	61	91
Total Restricted Assets	80,906	91,515
PROPERTY, PLANT AND EQUIPMENT		
Water System	389,246	388,768
Equipment	19,685	17,399
Total	408,931	406,167
Less: Accumulated Depreciation	(142,388)	(138,541)
Net Depreciable Assets	266,543	267,626
Land	1,288	1,288
Net Property, Plant and Equipment	267,831	268,914
TOTAL ASSETS	\$ 357,013	\$ 327,400

The accompanying notes are an integral part of this statement.

	<u>1985</u>	<u>1984</u>
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES (Payable from Current Assets)		
Accounts Payable	\$ 728	\$ 1,108
Notes Payable	878	800
Sales Tax Payable	<u>178</u>	<u>318</u>
Total Current Liabilities Payable from Current Assets	<u>1,472</u>	<u>1,826</u>
CURRENT LIABILITIES (Payable from Restricted Assets)		
Revenue Bonds	6,000	4,000
Public Improvement Bonds	3,800	3,000
Accrued Interest Payable	9,190	14,131
Grant Deposits	5,500	-
Customer Deposits	<u>6,130</u>	<u>7,313</u>
Total Current Liabilities Payable from Restricted Assets	<u>20,620</u>	<u>27,444</u>
LONG-TERM LIABILITIES		
Notes Payable (net of current portions)	28,634	31,314
Revenue Bonds	181,000	187,000
Public Improvement Bonds	<u>74,824</u>	<u>24,000</u>
Total Long-Term Liabilities	<u>284,458</u>	<u>242,314</u>
Total Liabilities	<u>506,550</u>	<u>311,480</u>
FUND EQUITY		
Contributed Capital, Net of Amortization	<u>48,455</u>	<u>-</u>
Retained Earnings, as Restated		
Reserves for Bond Retirement	50,000	43,420
Unreserved (Deficit)	<u>(62,271)</u>	<u>(18,882)</u>
Total Retained Earnings, as Restated	<u>37,729</u>	<u>24,538</u>
Total Fund Equity	<u>86,184</u>	<u>24,538</u>
Total Liabilities and Fund Equity	<u>\$ 592,734</u>	<u>\$ 336,018</u>

SOUTHWEST BAYVIEW WATERWORKS DISTRICT
BANKIE, LOUISIANA

PROPRIETARY FUND TYPE - ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
For the Years Ended December 31, 1995 and 1994

	<u>1995</u>	<u>1994</u>
OPERATING REVENUES		
Meter Sales	\$ 31,158	\$ 32,111
OPERATING EXPENSES		
Office	928	788
Contracted Services	14,038	13,099
Depreciation	8,721	7,394
Insurance	2,815	3,145
Miscellaneous	734	782
Supplies	3,138	1,885
Repairs and Maintenance	4,750	4,823
Telephone and Utilities	5,887	5,728
Truck Expenses	3,850	3,952
Audit Fee	1,282	1,158
Total Operating Expenses	<u>43,021</u>	<u>48,852</u>
OPERATING INCOME	<u>13,132</u>	<u>11,259</u>
NONOPERATING REVENUES (EXPENSES):		
Interest Income	2,703	2,344
Property Tax Revenue	8,018	8,871
Loss on disposal of assets	(438)	-
Assessing Fees and Overlift Fees	(347)	(384)
Interest Expense	<u>(18,182)</u>	<u>(18,682)</u>
Total Nonoperating Revenues (Expenses)	<u>(12,446)</u>	<u>(16,711)</u>
NET INCOME	9,686	6,548
DEPRECIATION ON FIXED ASSETS ACQUIRED BY GRANTS, ENDOWMENTS, AND GRANTS REVENUES EXPRESSLY RESTRICTED FOR CAPITAL ACQUISITIONS AND CONSTRUCTION THAT REDUCE CONTRIBUTED CAPITAL	923	-
RETAINED EARNINGS, Beginning, as restated	<u>11,911</u>	<u>8,473</u>
RETAINED EARNINGS, Ending	\$ 29,811	\$ 17,811

The accompanying notes are an integral part of this statement.

SOUTHWEST APOYELLON WATERWORKS DISTRICT
BUNKIE, LOUISIANA

COOPERIATRY FUND TYPE - ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the Years Ended December 31, 1993 and 1994

	<u>1993</u>	<u>1994</u>
Cash Flows From operating Activities:		
Cash Received From Customers	\$ 56,312	\$ 51,934
Cash Payments To Suppliers For Goods And Services	(39,932)	(32,894)
Meter Deposits From Members (Net)	<u>4,225</u>	<u>2,058</u>
Net Cash Provided by operating Activities	<u>20,605</u>	<u>21,108</u>
Cash Flows From Capital And Related Financing Activities:		
Principal Paid On Notes Payable	(23,878)	(6,527)
Interest Paid On Notes Payable	(19,236)	(14,761)
Acquisitions Of Equipment	(59,886)	(3,218)
Grant Proceeds From SPO	49,480	-
Tax Revenue Collected, Net Of Fees	<u>9,288</u>	<u>18,271</u>
Net Cash Used By Capital And Related Financing Activities	<u>(133,812)</u>	<u>(14,235)</u>
Cash Flows From Investing Activities:		
Net Change In Investment Activity	9,809	15,888
Interest Received On Investments	<u>2,766</u>	<u>2,173</u>
Net Cash Provided (Used) By Investing Activities	<u>12,575</u>	<u>18,061</u>
Net Increase (Decrease) In Cash And Cash Equivalents	1,368	33,942
Cash And Cash Equivalents At Beginning Of Year	<u>82,329</u>	<u>4,845</u>
Cash And Cash Equivalents At End Of Year	\$ 83,697	\$ 40,228

The accompanying notes are an integral part of this statement.

SOUTHWEST WATCHELLS WATERWORKS DISTRICT
 BUNKIE, LOUISIANA

PROPRIETARY FUND TYPE - ENTERPRISE FUND
 STATEMENT OF CASH FLOWS

For the years ended December 31, 1995 and 1994

	<u>1995</u>	<u>1994</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	\$ 12,132	\$ 11,356
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:		
Depreciation	8,731	7,594
Loss on Disposal of Fixed Assets, Net	(104)	-
Changes In Assets And Liabilities:		
Decrease (Increase) In:		
Accounts Receivable	(847)	1,751
Prepaid Insurance	239	939
Increase (Decrease) In:		
Accounts Payable	(379)	(588)
Customer Deposits	4,388	1,050
Sales Tax Payable	4	25
Total Adjustments	<u>11,833</u>	<u>8,873</u>
Net Cash Provided By Operating Activities	\$ 14,831	\$ 28,129

SOUTHWEST AYOUELLES WATERWORKS DISTRICT
BUNKIE, LOUISIANA

NOTE TO FINANCIAL STATEMENTS
December 31, 1993

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Southwest Ayouelles Waterworks District, was created on March 23, 1973 as a nonprofit corporation as defined in Louisiana Revised Statutes (1988) 13:212 (A). The corporation operates under a Board of directors consisting of five (5) members. The following is a summary of certain significant accounting policies.

Financial Reporting Entity. This report includes all funds which are controlled by or dependent on the Corporation executive and legislative branches (the President and Board of Directors). Control by or dependence on the Corporation was determined on the basis of budget adoption, authority to issue debt, election or appointment of governing body, and other general oversight responsibility. Based on these criteria, the Corporation has no component units. However, the Corporation is a component unit of the Ayouelles Parish Police Jury. The Jury has the ultimate authority to approve the issuance of debt, they may appoint some of the governing body and have general oversight responsibility over the Corporation.

Fund Accounting. The accounts of the System are organized on the basis of funds, which are considered a separate accounting entity. The operations of the system is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The System's fund is grouped, in the financial statements in this report, into one generic fund type and one broad fund category as follows:

Proprietary Fund

Enterprise Fund. An enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

SOUTHWEST APOULLES WATERWORKS DISTRICT
SUSSIE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 1993

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting. The corporation utilizes the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Revenues from water sales are recorded monthly when they are billed. Revenues from property taxes are recorded annually in October of each year when the tax rolls are prepared by the Apoullès Parish Assessor.

Allowance for Bad Debt. The direct write-off method is used to account for bad debts. At December 31, 1993 and 1994 no significant amounts were considered to be uncollectible.

Budgets and Budgetary Accounting. The corporation is not required to formulate an operating budget for the next ensuing year. Therefore, no budget is adopted.

Prepaid Insurance. The corporation's insurance policies have annual effective dates that differ from its year end. The premiums for these policies are due and payable at the beginning of the policy period. The premiums are amortized over the life of the policies and any unexpired premiums are shown as prepaid.

Investments. Investments which consist of insured money market accounts and interest-bearing certificates of deposit with maturities greater than three months in local financial institutions are stated at cost. At December 31, 1993, cost approximated market value on investments held by the Corporation.

Restricted Assets. Certain proceeds of the Enterprise Fund revenue bonds, as well as certain resources set aside for their payment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. These assets consist of cash in savings accounts and certificates of deposit that are restricted for use by the district in 1) servicing its long-term debt, and 2) repairing and maintaining the water system.

SOUTHWEST WATERSHED WATERWORKS DISTRICT
BUNKIE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 1995

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accumulated Unpaid Vacation, Sick-pay, and Other Employee Benefits. The Corporation has no set policy for accumulated vacation, sick pay or other employee benefits. Therefore, no accruals for compensated absences have been made in these financial statements.

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

Fixed Assets and Depreciation. Fixed assets are accounted for on a cost of services or "Capital Maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with the activity are included on the balance sheet.

Depreciation is charged as an expense of operations over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Distribution System	50 years
Storage Tanks	50 years
Equipment	4 - 8 years

All fixed assets are stated at historical cost. Donated fixed assets, if any, are stated at their estimated fair value on the date donated.

The Corporation follows the policy of capitalizing interest as a component of the cost of property, plant and equipment for its own use. For the years ended December 31, 1995 and 1994, there were no interest charges capitalized on fixed assets acquired or constructed.

Cash Flow Presentation. For purposes of the statement of cash flows, the Corporation considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

SOUTHWEST APOCALIPSE WATERWORKS DISTRICT
BOSSIE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 1995

NOTE 2. DEPOSITS AND INVESTMENTS

Deposits. At year end, the carrying amount of the Corporation's deposits was \$41,800 and the bank balance was \$41,753. Of the bank balance, \$41,753 was covered by Federal depository insurance.

Certificates of Deposit. The Corporation's investments were in interest bearing certificates of deposit at December 31, 1995. All of the investments were covered by Federal depository insurance. Below is a summary of investments at year end.

	<u>Carrying Amount</u>	<u>Market Value</u>
Certificates of Deposit-Unrestricted	\$ -	\$ -
Certificates of Deposit-Restricted	31,800	31,800

NOTE 3. ACCOUNTS RECEIVABLE

The receivable balance for water billings at December 31, 1995 of \$7,459 consisted of the following:

Current Receivables	\$ 4,984	778	
over 90 days	1,888	238	
Total	6,872	1,016	
Unbilled Receivables	1,587	---	
Total	\$ 7,459	-----	

The property tax revenue for 1995 and the receivable balance at December 31, 1995 consisted of the following:

Taxable assessments	\$1,400,610		
Millage rate	.00581		
Gross tax revenue	8,128		
Less Parish Assessor fees	(869)		
Net Tax Revenue	\$ 7,259	-----	
Accounts Receivable	\$ 6,591	-----	

The taxes are levied in October of each year and are payable by January 1 of the following year. The Apocallipse Parish Sheriff bills and collects the taxes. The tax rolls are prepared and certified by the Apocallipse Parish Assessor. As per Note 2, these revenues are securing the Public Improvement Bonds payable at PPA.

SOUTHWEST RYDIELLE WATERWORKS DISTRICT
BOHRIE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 1985

NOTE 4. PROPERTY, PLANT AND EQUIPMENT

A summary of changes in Property, Plant and Equipment follows:

	Balance 12/31/84	Additions	Deletions	Balance 12/31/85
Land	\$ 1,200	\$ -	\$ -	\$ 1,200
Equipment	27,788	1,428	340	28,876
Water System	143,288	42,880	-	186,168
	\$ 168,788	\$ 50,888	\$ 340	\$ 419,732

NOTE 5. CHANGES IN LONG-TERM DEBT

The following is a summary of note and bond transactions of the Corporation for the year ended December 31, 1985:

Notes and Bonds Payable at 12/31/84	\$ 205,700
Notes and Bonds Issued During Period	-
Notes and Bonds Retired During Period	(123,678)
Notes and Bonds Payable at 12/31/85	\$ 82,022

Notes and bonds payable (current and long-term portions) are financed with the Farmers Home Administration (FHA).

Notes and bonds payable at December 31, 1985 consist of the following individual liabilities:

Reverse Bonds	
\$228,000 1976 bonds, bearing interest at 5% per annum. Final maturity date January 8, 2016	\$ 143,000
Public Improvement Bonds	
\$128,000 1976 bonds, bearing interest at 8 1/2 per annum. Final maturity date January 8, 2016	78,078
Installment Note Payable	
\$28,856 rescheduling of Reverse Bond principal and interest charges in arrears of \$6,000 and \$18,856 respectively, bearing interest at 5% per annum. Final maturity date January 8, 2016	21,212
Total Notes and Bonds Payable at December 31, 1985	\$ 242,290

SOUTHWEST AVOYELLES WATERWORKS DISTRICT
BUNKIE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 1995

NOTE 5. CHANGES IN LONG-TERM DEBT (CONTINUED)

Interest Reserve Fund

A transfer from the Water Revenue Fund on or before the 10th day of each month of each year a sum at least equal to five percent (5%) of the amount being transferred to the Bond Sinking Fund, with payments to continue until the fund has accumulated a sum equal to the highest combined principal and interest falling due in any year, as a Debt Service Reserve for the sole purpose of paying the principal and interest on bonds payable from the Bond Sinking Fund as to which there might otherwise be default.

Contingencies and Depreciation Fund

A transfer from the Water Revenue Fund on or before the 30th day of each month of each year the sum of fifty-five dollars (\$55.00), said funds to be used to care for depreciation, extensions, additions, improvements and replacements necessary to operate the System properly.

All required deposits were made to these funds.

NOTE 6. RETIREMENT COMMITMENTS

Since there are no employees of the Corporation there is no liability for retirement commitments.

NOTE 7. COMMITMENTS AND CONTINGENCIES

As of December 31, 1995 there were no lawsuits against the corporation.

NOTE 8. RESERVE FOR DEBT SERVICE

At December 31, 1995 Retained Earnings was reserved in the amount of \$58,008 which represents the amount by which restricted assets available exceeds the current portions of notes and bonds payable and accrued interest payable from restricted assets.

NOTE 9. COMPENSATION PAID TO BOARD MEMBERS

Board members volunteer their services and receive no reimbursement.

NOTE 10. GRANT DEPOSITS

The System obtained a grant through the Avoyelles Parish Police Jury to extend lines to new customers. In order to assist in this project, the new customers paid an amount to cover the meter security deposit and the cost of the meter installation.

SOUTHWEST ANTOUILLES WATERWORKS DISTRICT
BARKIE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 1985

NOTE 10. RECLASSIFICATIONS

The System had reported ad valorem taxes receivable as a current asset, however, this receivable is securing the public improvement bonds due at PMA. For this reason, the receivable has been reclassified as a restricted asset for the years ending December 31, 1983 and 1984.

NOTE 12. PRIOR PERIOD ADJUSTMENT

The retained earnings at the beginning of the prior period have been restated because unbilled receivables had not been recorded. The retained earnings has been increased in the amount of \$874. A summary of the adjustment follows:

	December 31,	
	1984	1983
Retained earnings, as previously reported	\$16,137	\$ 7,360
Adjustment to record unbilled receivables	<u>874</u>	<u>874</u>
Retained earnings, as restated	\$17,011	\$ 8,234

SUPPLEMENTARY INFORMATION

SOUTHWEST SAVYELLE WATERWORKS DISTRICT
 BARKER, LOUISIANA

STATEMENT OF CHANGES IN ASSETS RESTRICTED
 FOR DEBT RETIREMENT
 For the Year Ended December 31, 1955

	Note Fund	Deprac. Fund	Reserve Fund	TOTAL
Cash and investment balances 12/31/54	\$ 18,328	\$ 4,328	\$ 4,601	\$ 27,257
Cash Receipts:				
Transfers from Operating Funds	13,665	660	748	15,073
Interest earned on cash balances	338	338	391	607
	<u>14,003</u>	<u>1,000</u>	<u>1,139</u>	<u>16,142</u>
Cash Disbursements:				
Transfers to Operating Funds	14,189	-	-	14,189
Transfers to Other Restricted funds	-	-	-	-
	<u>14,189</u>	<u>-</u>	<u>-</u>	<u>14,189</u>
Cash and investment balances 12/31/55	\$ 18,927	\$ 4,927	\$ 5,980	\$ 29,834
	*****	*****	*****	*****

These accounts do not include amounts for the property tax accounts.



Kenneth J. Rachal

Created Public Accountant

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MANAGEMENT LETTER

To the Board of Directors,
Southwest Arroyoilles Waterworks District

During my audit of the component unit financial statements of the Southwest Arroyoilles Waterworks District (System) for the year ended December 31, 1995, I noted certain areas in which improvements in the accounting system and financial practices of the System may be desirable. Therefore, the following recommendations are submitted for your consideration:

1. See the comments in the report concerning a balanced general ledger and the recording of all transactions.
2. The delinquent accounts have decreased from 12% in 1994 to 1% in 1995. Collection policies have been more restrictive and helped insure collection.

I would like to express my appreciation to you and your office staff for the courtesies and assistance rendered to me during the performance of my audit. Should you have any questions or need assistance in implementing any of the recommendations, please feel free to contact me.

Kenneth J. Rachal

Monroe, Louisiana

June 20, 1995



Kenneth J. Rachal

Chartered Public Accountant
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MANAGEMENT LETTER ADDENDUM

Board of Directors
Southeast Arroyalite Waterworks
Bunkie, Louisiana

In connection with my audit of the financial statements of Southeast Arroyalite Waterworks for the year ended December 31, 1998, I add the following to the original comments made in the report and management letter, if any.

Compliance with audit completion time limit

In accordance with Louisiana Revised Statute 24:513, the audit must be completed within six months of the close of the entity's year end. The report was delivered to the Legislative Auditor's office after June 30, 1999, which is in violation of the cited statute.

Response:

The report was completed before June 30, 1999, and believed to be mailed by that date, as per the auditor. The auditor did not send the reports "receipt requested". Therefore, in the future, the reports will either be hand delivered or a receipt will be requested to insure our documentation the reports have been sent on time.

The preceding comments arise primarily from a part of my examination, wherein I reviewed the system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards. Under these standards, the purpose of such evaluation is to establish a basis for reliance thereon in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the

benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgments, carelessness, or other personal factors. Control procedures whose effectiveness upon segregation of duties can be circumvented intentionally by management with respect either to the recognition and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the degree of compliance with the procedure may deteriorate. Establishment and maintenance of adequate internal control is the responsibility of management.

My study and evaluation of the system of internal accounting control for the year ended December 31, 1980, made for the purpose set forth in the third preceding paragraph, would not necessarily disclose all weaknesses in the system.

I wish to take this opportunity to express my appreciation for the assistance and cooperation given me during the course of my examination. I would be glad to discuss any questions concerning my comments and recommendations at your convenience.

Kenneth J. Raschel

Hessner, Louisiana
June 24, 1981