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LAFAYETTE PARISH
WATERWORKS DISTRICT SOUTH
A COMPONENT UNIT OF THE CONSOLIDATED
GOVERNMENT OF LAFAYETTE, LOUISIANA

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEARS ENDED AUGUST 31, 1999 AND 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 APR 12 2000

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Lafayette Parish Waterworks District South
Lafayette Parish, Louisiana

We have audited the financial statements of the Lafayette Parish Waterworks District South, a component unit of the Consolidated Government of Lafayette, Louisiana, as of and for the years ended August 31, 1999 and 1998, as listed in the Table of Contents. These component unit financial statements are the responsibility of the Waterworks District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the provisions of Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-profit Organizations, and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatements. 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. We believe that our audits provide a reasonable basis for our opinion.

In our report dated October 26, 1998, we qualified our opinion on the 1998 general purpose financial statements because insufficient audit evidence existed to support Lafayette Parish Waterworks District South's disclosures required by Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures About Year 2000 Issues*. As of the date of this report, the requirements of the Technical Bulletin are no longer relevant and, therefore, the disclosures have been properly removed from these financial statements. Accordingly, our present opinion of the 1998 financial statements, as expressed herein, is different from our prior report on the 1998 financial statements.

In our opinion, the general-purpose financial statements referred above present fairly, in all material respects, the financial position of Lafayette Parish Waterworks District South, as of August 31, 1999 and 1998, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 1, 2000, on our consideration of the Lafayette Parish Waterworks District South's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

WMDDH

Our audits were made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The information listed as "Supplemental 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. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audits of the component unit financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Wright, Moore, DeHart,
Dupuis, & Hutchinson*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

February 1, 2000

LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA

BALANCE SHEET
AUGUST 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 161,859	\$ 401,667
Accounts Receivable (Net of Allowance for Doubtful Accounts)	73,436	68,047
Due From Rural Development	-	16,172
Prepaid Insurance	<u>1,077</u>	<u>645</u>
Total Current Assets	<u>236,372</u>	<u>486,531</u>
RESTRICTED ASSETS		
Cash - Restricted		
Water Revenue Bond and Interest Sinking Fund Money Market Account	43,803	25,828
Water Revenue Reserve Fund Money Market Account	67,371	61,443
Water Depreciation and Contingency Fund Money Market Account	<u>112,254</u>	<u>104,033</u>
Total Restricted Assets	<u>223,428</u>	<u>191,304</u>
PROPERTY, PLANT AND EQUIPMENT		
Water District System	1,387,844	1,061,335
Water Treatment Plant	213,369	213,369
Water Line and Wells	297,962	295,979
Water Meters	167,863	153,946
Equipment	66,086	66,086
Office Equipment	16,822	16,215
Buildings	<u>40,571</u>	<u>-</u>
	2,190,517	1,806,930
Less: Accumulated Depreciation	<u>(498,817)</u>	<u>(419,819)</u>
	1,691,700	1,387,111
Land	15,000	15,000
Construction in Progress	<u>161,912</u>	<u>31,506</u>
Net Property, Plant and Equipment	<u>1,868,612</u>	<u>1,433,617</u>
TOTAL ASSETS	<u>\$2,328,412</u>	<u>\$2,111,452</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA

BALANCE SHEET
AUGUST 31, 1999 AND 1998

LIABILITIES AND FUND EQUITY

	<u>1999</u>	<u>1998</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 23,718	\$ 27,064
Payroll Taxes Payable	212	258
Sales Tax Payable	851	786
Total Current Liabilities	<u>24,781</u>	<u>28,108</u>
CURRENT LIABILITIES (Payable from Restricted Assets)		
Renters' Deposits	10,725	10,075
Accrued Interest	4,766	3,336
Current Portion of Revenue Bonds	22,866	22,660
Total Current Liabilities (Payable from Restricted Assets)	<u>38,357</u>	<u>36,071</u>
LONG-TERM LIABILITIES		
Revenue Bonds Payable - Less Current Portion	<u>1,145,533</u>	<u>1,169,875</u>
Total Liabilities	<u>1,208,671</u>	<u>1,234,054</u>
FUND EQUITY		
Contributed Capital		
Connections	167,738	152,671
Memberships	109,200	104,100
Capital Grants	232,080	73,000
Total Contributed Capital	<u>509,018</u>	<u>329,771</u>
Retained Earnings		
Reserve for Debt Service	111,174	87,270
Reserve for Depreciation and Contingency	112,254	104,033
Unreserved	387,295	356,324
Total Retained Earnings	<u>610,723</u>	<u>547,627</u>
TOTAL FUND EQUITY	<u>1,119,741</u>	<u>877,398</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$2,328,412</u>	<u>\$2,111,452</u>

The accompanying notes are an integral part of this statement.

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS
FOR THE YEARS ENDED AUGUST 31, 1999 AND 1998**

	<u>1999</u>	<u>1998</u>
OPERATING REVENUES		
Water Sales	\$548,064	\$507,431
Connection Fees	4,996	3,630
Reconnection Fees	1,530	3,075
Late Fees	15,082	11,233
Installation Fees	18,752	3,544
Other Fees	<u>1,077</u>	<u>896</u>
Total Operating Revenues	<u>589,501</u>	<u>529,809</u>
OPERATING EXPENSES		
Scheduled	397,490	350,244
Depreciation	<u>78,998</u>	<u>72,539</u>
Total Operating Expenses	<u>476,488</u>	<u>422,783</u>
OPERATING INCOME	<u>113,013</u>	<u>107,026</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Income	14,092	17,148
Interest Expense	<u>(64,009)</u>	<u>(66,372)</u>
Total Nonoperating Revenues (Expenses)	<u>(49,917)</u>	<u>(49,224)</u>
NET INCOME	<u>63,096</u>	<u>57,802</u>
RETAINED EARNINGS, BEGINNING OF YEAR	<u>547,627</u>	<u>489,825</u>
RETAINED EARNINGS, END OF YEAR	<u>\$610,723</u>	<u>\$547,627</u>

The accompanying notes are an integral part of this statement.

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 1999 AND 1998**

	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Service Users	\$ 600,934	\$ 529,225
Cash Payments for Goods and Services	(326,049)	(304,191)
Cash Paid to Employees for Service	<u>(75,200)</u>	<u>(73,600)</u>
Net Cash Provided by Operating Activities	<u>199,685</u>	<u>151,434</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Sale of Revenue Bonds	-	187,000
Capital Grants Contributed Capital Collected	159,080	43,000
Membership Contributed Capital Collected	5,100	12,400
Connections Contributed Capital Collected	15,067	39,386
Purchase of Property and Equipment	(513,993)	(168,631)
Principal Paid on Revenue Bonds	(24,135)	(214,130)
Interest Paid on Revenue Bonds	<u>(62,580)</u>	<u>(66,615)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(421,461)</u>	<u>(167,590)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	<u>14,092</u>	<u>17,148</u>
NET INCREASE (DECREASE) IN CASH	(207,684)	992
CASH, BEGINNING OF YEAR (including restricted cash of \$191,304 and \$199,817 for 1999 and 1998 respectively)	<u>592,971</u>	<u>591,979</u>
CASH, END OF YEAR (including restricted cash of \$223,428 and \$191,304 for 1999 and 1998 respectively)	<u>\$ 385,287</u>	<u>\$ 592,971</u>

The accompanying notes are an integral part of this statement.

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**STATEMENT OF CASH FLOWS - Continued
FOR THE YEARS ENDED AUGUST 31, 1999 AND 1998**

	<u>1999</u>	<u>1998</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$113,013	\$107,026
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	78,998	72,539
Changes in Assets and Liabilities		
Accounts Receivable, Net	(5,389)	(8,214)
Prepaid Insurance	(432)	(13)
Accounts Payable	(3,346)	(5,489)
Payroll Taxes Payable	(46)	41
Sales Tax Payable	65	516
Renters Deposits	650	1,200
Due From RD	<u>16,172</u>	<u>(16,172)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$199,685</u>	<u>\$151,434</u>

The accompanying notes are an integral part of this statement.

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 1999 AND 1998**

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Lafayette Parish Waterworks District South (the District) is a component unit of the Consolidated Government of Lafayette, Louisiana (the Consolidated Government). The District is legally separate from the Consolidated Government but its governing body is appointed by the council of the Consolidated Government. The basic entity being reported on is the District. The financial report includes all funds over which the District exercises oversight responsibility. This responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

The Lafayette Parish Waterworks District South was issued a charter by the State of Louisiana and a franchise from the Parish of Lafayette on October 10, 1974. The District's purpose is to provide a water system for the southern district of Lafayette Parish.

B. BASIS OF PRESENTATION: FUND ACCOUNTING

The accounts are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The government has the following fund types and account groups:

Proprietary Funds

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. The operations of the water system are accounted for in an enterprise fund.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The government applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations.

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEARS ENDED AUGUST 31, 1999 AND 1998**

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

D. BUDGETARY ACCOUNTING

Formal budgetary integration is not employed as a management control device for the Lafayette Parish Waterworks District South.

E. CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows the District considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

F. FIXED ASSETS AND LONG-TERM LIABILITIES

Property and equipment (including infrastructure assets), which constitute assets of the Proprietary Fund are recorded at cost and depreciation is computed under the straight-line method. The service lives by type of asset are as follows:

Water Distribution System	40 years
Water Treatment Plant	5-40 years
Water Line, Wells and Meters	5-40 years
Office Equipment	3-7 years
Other Equipment	5-10 years

Interest costs for fixed-asset construction within enterprise funds are capitalized. Interest costs incurred during 1999 were \$4,365 of which \$-0- has been capitalized.

G. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE (2) - CASH

There are three categories of credit risk that apply to the District's bank balance:

1. Insured or collateralized with securities held by the government or by the government's agent in the government's name;

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEARS ENDED AUGUST 31, 1999 AND 1998**

NOTE (2) - CASH - continued

2. Collateralized with securities held by the pledging financial institution's trust department or the government's agent in the government's name;
3. Uncollateralized.

Balances held in each category are as follows:

	<i>Categories</i>		<i>Bank</i>	<i>Carrying</i>
	<i>1</i>	<i>2</i>	<i>Balance</i>	<i>Amount</i>
Insured (FDIC)	\$100,000	\$ -	\$100,000	\$100,000
Uninsured deposits-Collateralized	-	368,901	368,901	285,287
Total Deposits	\$100,000	\$368,901	\$468,901	\$385,287

Unrestricted cash is composed of a checking account and a money market interest account. Restricted cash is composed of three money market interest accounts. There are no investments. The District has no category 3 deposits.

NOTE (3) - ACCOUNTS RECEIVABLE

The District's accounts receivable as of August 31, 1999 and 1998 consists of uncollected billed and unbilled utility services. Accounts receivable aging schedules are as follows:

Days	1999		1998	
	Amounts	Number of Accounts	Amounts	Number of Accounts
0-30	\$45,406	2,379	\$44,044	2,107
31-60	563	29	560	27
61-90	108	6	117	6
91 and older	97	5	92	4
Unbilled Receivables	27,656	-	24,010	-
Other Receivables	266	-	(116)	-
Total	74,096	2,419	68,707	2,144
Less: Allowance for Doubtful Accounts	(660)		(660)	
Net Accounts Receivable	\$73,436		\$68,047	

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEARS ENDED AUGUST 31, 1999 AND 1998**

NOTE (4) - RESTRICTED ASSETS

Renters' Deposits - The Renters' Deposits account represents refundable fifty dollar deposits collected from customers requesting service connection to rental property

Water Revenue Bond and Sinking Fund - Each month there shall be set aside into this fund an amount constituting 1/12 of the next maturing installment of principal and interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments.

Water Revenue Reserve Fund - There shall also be set aside into this fund an amount equal to five percent (5%) of the principal and interest payments required during the current fiscal year until there shall have been accumulated in the reserve account an amount equal to the maximum principal and interest requirements in any one maturity year. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Water Revenue Bond and Interest Sinking Fund and as to which there would otherwise be default.

Water Depreciation and Contingency Fund - Funds will also be set aside into this fund at the rate of \$4,416 each year. Money in this fund may be used for depreciation, extensions, additions, improvements and replacements necessary to properly operate the system. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus.

NOTE (5) - REVENUE BONDS PAYABLE

The District has four Water Revenue Bond issues outstanding at August 31, 1999 and 1998 as follows:

	<u>1999</u>	<u>1998</u>
(1) \$570,000 40 year Water Revenue Bonds - dated August 12, 1983, with 5% interest, payable in annual installments of principal and interest ranging from \$28,500 - \$35,000, through August 12, 2023. The bond holder is Rural Development (formerly FmHA).	\$ 449,500	\$ 461,000
(2) \$150,000 40 year Water Revenue Bonds - dated October 12, 1984 with 5% interest, payable in annual installments of principal and interest ranging from \$7,500 - \$9,450 through August 12, 2024. The bond holder is SLEMCO.	123,000	126,000

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEARS ENDED AUGUST 31, 1999 AND 1998**

NOTE (5) - REVENUE BONDS PAYABLE - continued

(3) \$431,000 40 Year Water Revenue Bonds dated July 19, 1996, with 5.625% interest, payable in annual installments of interest only for 1997 and principal and interest of \$27,709 through August 12, 2036. The bond holder is Rural Development (formerly FmHA).	\$ 422,899	\$ 427,535
(4) \$187,000 20 Year Water Revenue Bonds dated January 14, 1998. With 6% interest, payable in annual installments of interest ranging from \$5,000 - \$15,000 through August 12, 2018. The bond holder is Iberia Bank.	<u>173,000</u>	<u>178,000</u>
Total Revenue Bonds Payable	1,168,399	1,192,535
Less: Current Maturities	<u>22,866</u>	<u>22,660</u>
Long-Term Debt	<u>\$1,145,533</u>	<u>\$1,169,875</u>

The aggregate principal maturities are as follows:

Years Ended	
August 31, 2000 - 2027	
2000	\$ 22,866
2001	24,084
2002	25,313
2003	26,556
2004	26,812
2005-2027	<u>1,042,768</u>
	<u>\$1,168,399</u>

NOTE (6) - RETAINED EARNINGS - RESERVED

The District records reserves to Retained Earnings to indicate that a portion of the fund equity is segregated to satisfy legal covenants and is not appropriate for future expenses. Specific reservations of retained earnings are summarized below:

Reserve for Debt Service - The reserve for debt service was created in conjunction with the issuance of revenue bonds and is funded by transfers from the revenue accounts based on assets held by the Enterprise Fund that are restricted for debt service. The purpose of the reserved retained earnings is to service the revenue bonds.

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEARS ENDED AUGUST 31, 1999 AND 1998**

NOTE (6) - RETAINED EARNINGS - RESERVED - continued

Reserve for Depreciation and Contingency - The reserve for depreciation and contingency was created in conjunction with the issuance of revenue bonds and is funded from the revenue account based on assets held by the Enterprise Fund that are restricted for depreciation and contingency. The funds are reserved for depreciation, extensions, additions, improvements, and replacements necessary to properly operate the system. This reserve may also be used for debt service payments on the revenue bonds falling due at any time there is not sufficient funds available in other bond funds.

NOTE (7) - CONTRIBUTED CAPITAL

Changes in the Enterprise Fund Contributed Capital for the years ended August 31, 1999 and 1998 were as follows:

	<u>1999</u>	<u>1998</u>
Contributed Capital - Beginning Balance	\$329,771	\$234,984
Membership Fees Collected to Fund		
System Extensions	5,100	12,400
Capital Grants	159,080	43,000
Connection Fees up to Actual Cost	<u>15,067</u>	<u>39,387</u>
Contributed Capital - Ending Balance	<u>\$509,018</u>	<u>\$329,771</u>

NOTE (8) - RELATED PARTY TRANSACTIONS

The District conducts business with an employee who is a principal member of management. The District rents office space from that employee. The District made rental payments of \$1,200 in 1999 and \$700 in 1998. At August 31, 1999 no amounts were due to the employee from the District relating to this lease.

The District also conducts business with the Consolidated Government in the ordinary course of business. The District purchases water from the Consolidated Government for resale to customers. The District purchased \$189,838 and \$160,190 of water from the Consolidated Government during 1999 and 1998, respectively. At August 31, 1999 and 1998, the District owed the Consolidated Government \$17,794 and \$17,786, respectively.

The District conducts business with a company owned by a member of the Board of Commissioners. The District purchased aggregate in the amount of \$1,262 in 1999.

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEARS ENDED AUGUST 31, 1999 AND 1998**

NOTE (9) - SUBSEQUENT EVENTS-SALE OF \$1,000,000 OF WATER REVENUE BONDS

On October 27, 1999, the Board of Commissioners of the District approved the sale of \$1,000,000 of Water Revenue Bonds Series 1999, the proceeds to be used to acquire and construct improvements and extensions to the waterworks system.

LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA

SCHEDULE OF OPERATING EXPENSES
FOR THE YEARS ENDED AUGUST 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
Advertising	\$ 1,080	\$ -
Automobile Allowance	5,400	6,600
Bad Debts	776	342
Bank Charges	2,472	2,703
Board Fees	1,375	1,250
Chemicals	16,336	21,847
Contract Plant Operations	6,840	5,520
Dues and Subscriptions	50	-
Employee Training	-	70
Gas	1,133	1,011
Insurance	21,788	11,304
Labor	21,060	1,050
Legal and Accounting	8,790	10,768
Office	3,063	7,347
Postage	5,149	-
Refunds	205	(192)
Rent	1,200	700
Repairs and Maintenance	13,980	23,973
Salaries	75,200	73,600
Supplies	1,318	5,578
Payroll Taxes	5,860	5,855
Telephone	5,231	3,386
Utilities	9,346	7,181
Water Purchased	189,838	160,190
Penalties	-	161
Total Operating Expenses	<u>\$397,490</u>	<u>\$350,244</u>

LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA

SCHEDULE OF INSURANCE IN FORCE
AUGUST 31, 1999
(UNAUDITED)

Insurer	Coverage	Risk Covered	Coverage Limits	Co-Insurance	Policy Period From To
Mid Continental Casualty Insurance Company	Bodily Injury and Property Damage	General Liability and Property Damage	\$300,000/\$300,000	None	09/20/98 09/20/99
Travelers Property Casualty	Fire	Treatment Plant Contents	\$21,630 \$31,930	80%	01/27/98 01/27/00
La. Workmen's Compensation Corporation	Bodily Injury	Workmen's Compensation	Statutory	None	09/01/98 09/01/99
Aetna	Surety bond on Fred Simon - President		\$79,000	None	12/01/98 12/01/99
Aetna	Surety bond on Connie Duhon- Bookkeeper		\$79,000	None	10/01/97 10/01/99

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**SUPPLEMENTARY INFORMATION REQUIRED BY USDA
RURAL DEVELOPMENT
AS OF AUGUST 31, 1999**

Number of Users as of August 31, 1999:

Residential Users	1,915
Commercial Users	14

Rates in effect as of August 31, 1999:

- 3/4" Meter - \$11.00 flat rate per month for the first 2,000 gallons used.
\$1.85 per thousand gallons used thereafter.
A standard 3/4" meter has the capacity to serve all normal residential demands.
- 1" Meter - \$15.00 flat rate per month, plus \$1.85 per thousand gallons used.
- 1 1/2" Meter - \$25.00 flat rate per month, plus \$2.50 per thousand gallons used.
- 2" Meter - \$40.00 flat rate per month, plus \$2.50 per thousand gallons used.

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**BOARD OF COMMISSIONERS
AS OF AUGUST 31, 1999**

<u>Name</u>	<u>Term Expires</u>	<u>Title</u>	<u>Address and Telephone Number</u>
Fred Simon	November, 2001	President	Rt. 3, Box 265-K Lafayette, LA 70506 (318) 984-5346
Alvin Denais	October, 1999	Vice-President	1822 Denais Rd. Duson, LA 70529 (318) 984-2997
George Villien Jr.	October, 2000	Secretary/ Treasurer	3143 S. Fieldspan Duson, LA 70529 (318) 981-3076
Aaron Duhon	September, 2001	Board Member	101 Adola Road Maurice, LA 70555 (318) 873-6279
Bobby Duhon	November, 2000	Board Member	4211 South Ridgefield Rayne, LA 70578 (318) 873-8336

Commissioners each receive \$25.00 compensation monthly.

LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH
 A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 1999

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>AGENCY NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. Department of Agriculture Rural Development Water Revenue Bonds- Water System Improvements #91-01	10.760	N/A	\$461,000
Water Revenue Bonds- Water System Improvements #21-03	10.760	N/A	427,535
			<u>\$888,535</u>

NOTE: The accompanying Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

WRIGHT, MOORE, DeHART, DUPUIS & HUTCHINSON, L.L.C.

Certified Public Accountants

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M. Acc. (Taxation)
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A. RENA SCOGGIN, CPA
GWENDOLYNN D. ELKINS, CPA

* A PROFESSIONAL CORPORATION

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

To the Board of Commissioners
Lafayette Parish Waterworks District South
Lafayette Parish, Louisiana

We have audited the financial statements of Lafayette Parish Waterworks District South, a component unit of the Consolidated Government of Lafayette, Louisiana, as of and for the years ended August 31, 1999 and 1998, and have issued our report thereon dated February 1, 2000, which was unqualified. 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.

Compliance

As part of obtaining reasonable assurance about whether the Lafayette Parish Waterworks District South's financial statements are free of material misstatement, we 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 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 Lafayette Parish Waterworks District South'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 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 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 no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

WMDDH

This report is intended for the information of the management and Board of Commissioners of the Lafayette Parish Waterworks District South, the Legislative Auditor of the State of Louisiana, and the federal awarding agency. However, this report is a matter of public record and its distribution is not limited.

*Wright, Moore, DeHart,
Dupuis, & Hutchinson*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

February 1, 2000

WRIGHT, MOORE, DeHART, DUPUIS & HUTCHINSON, L.L.C.

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners
Lafayette Parish Waterworks District South
Lafayette Parish, Louisiana

We have audited the compliance of the Lafayette Parish Waterworks District South, a component unit of the Consolidated Government of Lafayette, Louisiana, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the years ended August 31, 1999 and 1998. Lafayette Parish Waterworks District South's major federal program is identified in the accompanying Schedule of Expenditures of Federal Awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Lafayette Parish Waterworks District South's management. Our responsibility is to express an opinion on Lafayette Parish Waterworks District South's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the provisions of Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-profit Organizations, and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lafayette Parish Waterworks District South's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Lafayette Parish Waterworks District South's compliance with those requirements.

In our opinion, Lafayette Parish Waterworks District South complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended August 31, 1999 and 1998.

Internal Control Over Compliance

The management of Lafayette Parish Waterworks District South is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Lafayette Parish Waterworks District South's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

WMDDH

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management and Board of Commissioners of the Lafayette Parish Waterworks District South, the Legislative Auditor of the State of Louisiana, and the federal awarding agency. However, this report is a matter of public record and its distribution is not limited.

*Wright, Moore, DeHart,
Dupuis, & Hutchinson*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

February 1, 2000

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 1999**

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Lafayette Parish Waterworks District South, a component unit of the Consolidated Government of Lafayette, Louisiana.
2. No instances of noncompliance material to the financial statements of the Lafayette Parish Waterworks District South were disclosed during the audit.
3. The auditors' report on compliance for the major federal award programs for the Lafayette Parish Waterworks District South expresses an unqualified opinion.
4. The program tested as a major program included: USDA/Rural Development-Water Revenue Bonds; CFDA #10.760.
5. The threshold for distinguishing Types A and B programs was \$300,000.
6. The Lafayette Parish Waterworks District South was determined to be a low-risk auditee.