

GENERAL PURPOSE FINANCIAL STATEMENTS  
(COMBINED STATEMENTS - OVERVIEW)

TECHE-VERMILION FRESH WATER DISTRICT  
LAFAYETTE, LOUISIANA

COMBINED BALANCE SHEET -  
ALL FUND TYPES AND ACCOUNT GROUPS  
December 31, 1996

	<u>Governmental</u> <u>Fund Type</u>
ASSETS	<u>General</u>
Cash	\$ 511,878
Investments, at cost	12,943,946
Receivables:	
Ad valorem taxes	898,156
State revenue sharing	63,066
Accrued interest	177,301
Land, buildings and improvements	-
Water control structures	-
Equipment and furnishings	-
Amount to be provided for retirement of general long-term debt	-
Total assets	<u>\$ 14,594,347</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 27,523
Accrued expenses	14,816
Accrued annual leave	-
Deferred revenue	1,009,660
Total liabilities	<u>1,051,999</u>
<b>FUND EQUITY</b>	
Investment in general fixed assets	-
Fund balances -	
Reserved for -	
Replacement of equipment	12,792,348
Unreserved -	
Designated for planned project improvements	250,000
Designated for operation and maintenance	200,000
Designated for contingencies	300,000
Total fund equity	<u>13,542,348</u>
Total liabilities and fund equity	<u>\$ 14,594,347</u>

See Notes to Financial Statements.

<u>Account Groups</u>		<u>Totals</u> <u>(Memorandum Only)</u>	
<u>General</u> <u>Fixed</u> <u>Assets</u>	<u>General</u> <u>Long-Term</u> <u>Debt</u>	<u>1996</u>	<u>1995</u>
\$ -	\$ -	\$ 511,878	\$ 343,160
-	-	12,943,946	12,778,635
-	-	898,156	767,251
-	-	63,066	63,241
-	-	177,301	242,545
1,100,874	-	1,100,874	1,100,874
25,293,265	-	25,293,265	25,293,265
262,507	-	262,507	243,027
<u>-</u>	<u>40,898</u>	<u>40,898</u>	<u>34,000</u>
<u>\$26,656,646</u>	<u>\$ 40,898</u>	<u>\$41,291,891</u>	<u>\$40,865,998</u>
\$ -	\$ -	\$ 27,523	\$ 23,738
-	-	14,816	13,074
-	40,898	40,898	34,000
-	-	1,009,660	886,588
<u>-0-</u>	<u>40,898</u>	<u>1,092,897</u>	<u>957,400</u>
26,656,646	-	26,656,646	26,637,166
-	-	12,792,348	12,521,432
-	-	250,000	250,000
-	-	200,000	200,000
-	-	300,000	300,000
<u>26,656,646</u>	<u>-0-</u>	<u>40,198,994</u>	<u>39,908,598</u>
<u>\$26,656,646</u>	<u>\$ 40,898</u>	<u>\$41,291,891</u>	<u>\$40,865,998</u>

TECHE-VERMILION FRESH WATER DISTRICT  
LAFAYETTE, LOUISIANA

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
GOVERNMENTAL FUND TYPE  
Years Ended December 31, 1996 and 1995

	General Fund	
	1996	1995
Revenues:		
Taxes	\$ 792,219	\$ 991,183
Intergovernmental revenues	88,941	112,973
Interest revenue	865,582	811,401
Miscellaneous revenue	12,796	2,408
Total revenues	1,759,538	1,917,965
Expenditures:		
Current -		
General government	1,488,622	1,447,358
Excess of revenues over expenditures	270,916	470,607
Fund balance, beginning	13,271,432	12,800,825
Fund balance, ending	\$13,542,348	\$13,271,432

See Notes to Financial Statements.

TECHE-VERMILION FRESH WATER DISTRICT  
LAFAYETTE, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP BASIS) AND ACTUAL - GOVERNMENTAL FUND TYPE  
Year Ended December 31, 1996  
With Comparative Actual Amounts for Year Ended December 31, 1995

	1996		Variance - Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
Revenues:				
Taxes -				
Ad valorem taxes	\$ 793,000	\$ 792,219	\$ (781)	\$ 991,183
Intergovernmental revenues -				
State revenue sharing	91,000	88,941	(2,059)	112,973
Interest revenue	838,000	865,582	27,582	811,401
Miscellaneous revenues	2,000	12,796	10,796	2,408
Total revenues	<u>1,724,000</u>	<u>1,759,538</u>	<u>35,538</u>	<u>1,917,965</u>
Expenditures:				
Current -				
General government -				
Personnel services	354,600	369,460	(14,860)	353,074
Utilities	869,760	812,150	57,610	633,380
Other services and charges	305,630	268,667	36,963	365,427
Capital expenditures	58,000	38,345	19,655	95,477
Total expenditures	<u>1,587,990</u>	<u>1,488,622</u>	<u>99,368</u>	<u>1,447,358</u>
Excess of revenues over expenditures	<u>\$ 136,010</u>	270,916	<u>\$ 134,906</u>	470,607
Fund balance, beginning		<u>13,271,432</u>		<u>12,800,825</u>
Fund balance, ending		<u>\$13,542,348</u>		<u>\$13,271,432</u>

See Notes to Financial Statements.

TECHE-VERMILION FRESH WATER DISTRICT  
LAFAYETTE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

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

Reporting entity:

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Primary government:

Teche-Vermilion Fresh Water District - Teche-Vermilion Fresh Water District is a body corporate created under Act 41 of 1969. Its purpose is that of establishing, maintaining and protecting a fresh water supply in Bayou Teche and the Vermilion River in the parishes of Iberia, Lafayette, St. Martin and Vermilion. The District is governed by a board of commissioners composed of one member from each of the parishes constituting the District. The members are appointed by the police juries/parish councils of their respective parishes. The Chairman is appointed by the Commission. For financial reporting purposes, the District includes all funds, account groups and activities that are controlled by the District as an independent political subdivision of the State of Louisiana.

The activities of the parish governing authorities, school boards, independently elected parish officials and municipal level governments of the parishes constituting the District are not included within the accompanying financial statements, as they are considered autonomous governments. These units of government issue financial statements separate from that of the District.

## NOTES TO FINANCIAL STATEMENTS

### Fund accounting:

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

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the fund because they do not directly affect net expendable available financial resources.

The General Fund (governmental fund type) is the general operating fund of the District. It is used to account for all the financial resources of the District.

### Basis of accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues for the 1996 tax assessment, including state revenue sharing, have been deferred at December 31, 1996, and will be recognized in 1997, the year for which such revenues have been budgeted. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due. Purchases of operating supplies are regarded as expenditures at the time purchased.

Interest on investments is considered susceptible to accrual and is recognized as earned. Substantially all other revenues are recorded when received because they are not objectively determinable.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them. In subsequent periods, when

## NOTES TO FINANCIAL STATEMENTS

both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

### Budgets:

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the general fund. All appropriations lapse at the end of the fiscal year.

### Investments:

Investments are stated at cost or amortized cost.

### Fixed assets:

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost.

Assets in the general fixed assets account group are not depreciated.

### Compensated absences:

Employees of the District earn annual and sick leave at varying rates according to years of service with the District. Upon resignation or retirement, unused annual leave up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, accumulated annual leave above 300 hours and accumulated sick leave is used in the retirement benefit computation as earned service. No payment is made for accrued and unused sick leave.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. The amount of annual leave vested at December 31, 1996 totaled \$40,898 which has been accrued in the general long-term debt account group.

### Long-term obligations:

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.



## NOTES TO FINANCIAL STATEMENTS

### Fund equity:

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

### Memorandum only - total columns:

The total column on the combined balance sheet is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

### Comparative data:

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Certain amounts in the 1995 financial statements have been reclassified to the 1996 presentation. Such reclassifications had no material effect on fund equity as previously reported.

### Note 2. Legal Compliance - Budgets

A modified accrual basis budget is formally adopted by the District prior to the beginning of the fiscal year and notices of its completion and availability are published. After its adoption, adjustment to the budget must be approved by resolution. All appropriations lapse at fiscal year end.

### Note 3. Deposits and Investments

#### Deposits:

At year end, the carrying amount of the District's deposits was \$511,878 and the bank balance was \$514,456. The bank balance was entirely covered by federal depository insurance or by collateral held by the District's fiscal agent in the District's name.

#### Investments:

The District's investments are categorized as either (1) insured or registered for which the securities are held by the District or its agent in the District's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent

NOTES TO FINANCIAL STATEMENTS

in the District's name or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent but not in the District's name. A categorization of the investments at December 31, 1996 follows:

	<u>Category</u>	<u>Carrying</u>	<u>Market</u>
	<u>1</u>	<u>Amount</u>	<u>Value</u>
U. S. Government securities	<u>\$12,943,946</u>	<u>\$12,943,946</u>	<u>\$12,925,726</u>

Note 4. Ad Valorem Taxes

Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year. Taxes are billed and collected by the individual parishes comprising the District.

Ad valorem tax revenue is recognized in the year following the assessment, when the majority of the taxes are actually collected.

In 1990, a ten year tax renewal in the amount of 1.5 mills was approved by the voters of Iberia, Lafayette, St. Martin and Vermilion parishes. The tax is for the purpose of constructing, establishing, extending, maintaining, operating and protecting a fresh water supply and abating pollution in Bayou Teche and the Vermilion River within the Teche-Vermilion Fresh Water District. In 1994, the Commissioners reduced the rate to 1.27 mills. In 1995, the Commissioners reduced the rate to 1.00 mill. The tax will expire in the year 2000.

Note 5. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance</u>			<u>Balance</u>
	<u>01/01/96</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/96</u>
Land, buildings and improvements	\$ 1,100,874	\$ -	\$ -	\$ 1,100,874
Water control structures	25,293,265	-	-	25,293,265
Equipment and furnishings	<u>243,027</u>	<u>58,195</u>	<u>38,715</u>	<u>262,507</u>
	<u>\$26,637,166</u>	<u>\$ 58,195</u>	<u>\$ 38,715</u>	<u>\$26,656,646</u>

NOTES TO FINANCIAL STATEMENTS

Note 6. Changes in Long-Term Debt

The following is a summary of accumulated annual leave transactions of the Teche-Vermilion Fresh Water District for the year ended December 31, 1996:

Balance, beginning	\$ 34,000
Additional leave accrued	11,103
Annual leave used/reduced	<u>(4,205)</u>
Balance, ending	<u>\$ 40,898</u>

Note 7. Defined Benefit Pension Plan

All permanent employees of the District are eligible for the Parochial Employees Retirement System (PERS) of Louisiana, a multiple-employer public employee retirement system. The payroll for District employees covered by the System for the year ended December 31, 1996 was \$319,803; the total District payroll was \$319,803.

All permanent District employees who work at least 28 hours a week and are under 60 years of age are members of the plan. Members of the plan may retire with thirty years of creditable service regardless of age, with twenty-five years of service at age 55, and with ten years of service at age 60. The retirement allowance is equal to 3% of the member's final compensation multiplied by his years of creditable service, with certain provisions made for those employees who were members of the supplemental plan prior to its revision date. Their retirement allowance may not exceed the greater of 100% of a member's final salary or compensation. The System also provides disability and survivor benefits. Benefits are established by State statute. Covered employees are required to contribute 9.5% of their earnings to the plan; the District contributes 7.25%. The total contribution for the year was \$53,567 which consisted of \$23,186 from the District and \$30,381 from its employees. Contributions are also established by State statute.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make contributions among PERS and employers. The System does not make separate measurements of assets and pension benefit obligation for individual employers. The pension benefit obligation at December 31, 1994, the most recent report available for the PERS Plan A as a whole, determined through an actuarial valuation performed as of that date, was \$691,858,596. The PERS Plan A net assets available for benefit on that date (valued at cost or amortized cost) were \$597,625,304, resulting in an unfunded pension benefit obligation of \$94,233,292. The Districts contribution represented approximately .11% of total contributions required of all participating employers.

NOTES TO FINANCIAL STATEMENTS

Trend information:

Nine-year historical trend information providing information about progress made in accumulating sufficient assets to pay benefits when due is presented in the PERS December 31, 1994 annual report.

Note 8. Board Members Compensation

Board members receive \$75 per diem for attendance at each official meeting of the board, not to exceed one regular meeting per month and six special meetings per year. The following reflects the per diem earned by the Commissioners:

	<u>Number</u>	<u>Amount</u>
Donald Sagrera	11	\$ 825
Patrick J. Domingue	13	975
Donald Segura	10	750
Ray Brignac	12	<u>900</u>
Total		<u>\$ 3,450</u>

Note 9. Reserves for Capital Expenditures

The District and the United States Corps of Engineers have entered into an agreement upon accepting the pumping station and all of its structures from the U.S. Government whereby the District is obligated to set aside reserves, in the amount of \$13,000,000 by the year 2000, for replacement of pumps, motors and all working parts. The District has established a reserve fund for these future capital expenditures, and the present allocation to meet this replacement is \$12,792,348.

Note 10. Designation of Fund Balance

By resolution, the District has designated \$250,000 of the unreserved fund balance for planned project improvements anticipated in the near future. The District has also designated \$200,000 of the unreserved fund balance for future operation and maintenance of the Teche-Vermilion Fresh Water District. In addition, \$300,000 has been designated for contingencies of the Teche-Vermilion Fresh Water District.

NOTES TO FINANCIAL STATEMENTS

Note 11. Post Retirement Health Care and Life Insurance Benefits

The State of Louisiana provides certain continuing health care and life insurance benefits for Teche Vermilion Fresh Water District's retired employees. Substantially, all of the District's employees become eligible for these benefits if they reach normal retirement age while working for the District. Those benefits for retirees are provided through Group Benefits whose monthly premiums are paid jointly by the employee and the District. The cost of providing these benefits is reflected as an expenditure in the year it is paid. For the year ended December 31, 1996, there were three retirees and the costs of their benefits totaled \$6,443.

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

TECHE-VERMILION FRESH WATER DISTRICT  
LAFAYETTE, LOUISIANA

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL

Year Ended December 31, 1996

With Comparative Actual Amounts for Year Ended December 31, 1995

	1996		Variance - Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
General government:				
Personnel services -				
Salaries	\$ 306,900	\$ 319,803	\$ (12,903)	\$ 305,583
Group insurance	25,400	26,471	(1,071)	24,302
Retirement	22,300	23,186	(886)	23,189
	<u>354,600</u>	<u>369,460</u>	<u>(14,860)</u>	<u>353,074</u>
Utilities	<u>869,760</u>	<u>812,150</u>	<u>57,610</u>	<u>633,380</u>
Other services and charges -				
Advertising	250	295	(45)	75
Assessors' compensation	10,000	8,361	1,639	9,036
Assessors' retirement	33,000	29,070	3,930	33,859
Compensation - board members	4,000	3,450	550	3,750
Dues - board members	800	1,220	(420)	720
Fuel, oil and lubricants	7,500	7,386	114	6,038
Insurance - general	88,000	75,526	12,474	88,330
Maintenance contracts	1,000	1,059	(59)	1,009
Miscellaneous	1,000	2,123	(1,123)	670
Office improvements	1,700	493	1,207	-
Office supplies	2,300	2,603	(303)	1,927
Operating supplies	7,280	13,865	(6,585)	4,627
Professional services	54,100	51,263	2,837	51,715
Printing	1,000	840	160	856
Rentals	10,400	7,953	2,447	9,229
Repairs and maintenance	72,600	52,555	20,045	19,716
Telephone	5,000	4,151	849	4,646
Travel	5,700	6,454	(754)	2,460
Dredging of inlet channel	-	-	-	126,764
	<u>305,630</u>	<u>268,667</u>	<u>36,963</u>	<u>365,427</u>
Capital expenditures -				
Office equipment	2,000	-	2,000	2,219
Automotive equipment	5,000	2,767	2,233	-
Operation and maintenance equipment	50,000	35,578	14,422	7,408
Water control structure	1,000	-	1,000	85,850
	<u>58,000</u>	<u>38,345</u>	<u>19,655</u>	<u>95,477</u>
Total	<u>\$1,587,990</u>	<u>\$ 1,488,622</u>	<u>\$ 99,368</u>	<u>\$ 1,447,358</u>

GENERAL LONG-TERM DEBT ACCOUNT GROUP

To account for unmatured principal amounts on general long-term debt expected to be financed from governmental-type funds.



TECHE-VERMILION FRESH WATER DISTRICT  
LAFAYETTE, LOUISIANASTATEMENTS OF GENERAL LONG-TERM DEBT  
December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Amount to be provided for payment of long-term debt:		
Amount to be provided from - Excess annual revenues	<u>\$ 40,898</u>	<u>\$ 34,000</u>
 General long-term debt payable:		
Accrued annual leave	<u>\$ 40,898</u>	<u>\$ 34,000</u>

TECHE-VERMILION FRESH WATER DISTRICT  
LAFAYETTE, LOUISIANA

SCHEDULE OF CHANGES IN GENERAL LONG-TERM DEBT  
Year Ended December 31, 1996

	Balance <u>01/01/96</u>	Long-Term Debt <u>Issued</u>	Long-Term Debt <u>Retired</u>	Balance <u>12/31/96</u>
Amount to be provided for retirement of long-term debt from:				
Excess annual revenues	<u>\$ 34,000</u>	<u>\$ 11,103</u>	<u>\$ 4,205</u>	<u>\$ 40,898</u>
General long-term debt payable:				
Accumulated annual leave	<u>\$ 34,000</u>	<u>\$ 11,103</u>	<u>\$ 4,205</u>	<u>\$ 40,898</u>



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
STRUCTURE RELATED MATTERS NOTED IN A FINANCIAL  
STATEMENT AUDIT CONDUCTED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

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*Retired:*

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Leon K. Poche, CPA 1984

James H. Breaux, CPA 1987

Erma R. Walton, CPA 1988

George A. Lewis, CPA\* 1992

Geraldine J. Wimberley, CPA\* 1995

Rodney L. Savoy, CPA\* 1996

Members of American Institute of  
Certified Public Accountants  
Society of Louisiana Certified  
Public Accountants

To the Board of Commissioners  
Teche-Vermilion Fresh Water District  
Lafayette, Louisiana

We have audited the general purpose financial statements of Teche Vermilion Fresh Water District and the individual fund and account group financial statements as of and for the year ended December 31, 1996 and have issued our report thereon dated February 14, 1997.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Teche-Vermilion Fresh Water 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.

In planning and performing our audit of the financial statements of Teche-Vermilion Fresh District, for the year ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the 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 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 structure and its operation that we consider to be material weaknesses as defined above.

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

*Broussard, Roche, Lewis & Breaux*

Lafayette, Louisiana  
February 14, 1997



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
LAWS AND REGULATIONS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

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Rodney L. Savoy, CPA\* 1996

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To the Board of Commissioners  
Teche-Vermilion Fresh Water District  
Lafayette, Louisiana

We have audited the general purpose financial statements of Teche-Vermilion Fresh Water District and the individual fund and account group financial statements as of and for the year ended December 31, 1996, and have issued our report thereon dated February 14, 1997.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, and contracts applicable to Teche-Vermilion Fresh Water District is the responsibility of Teche-Vermilion Fresh Water District's management. As part of obtaining reasonable assurance about whether the aforementioned financial statements are free of material misstatement, we performed tests of Teche-Vermilion Fresh Water District's compliance with certain provisions of laws, regulations, and contracts. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

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

*Broussard, Poche', Lewis & Breau*

Lafayette, Louisiana  
February 14, 1997

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the individual fund and account group financial statements. 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 Teche-Vermilion Fresh Water District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose, individual fund, and account group financial statements and, in our opinion, is fairly stated in all material respects in relation to such 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 we expressed an unqualified opinion on the combined, individual fund and account group financial statements of Teche-Vermilion Fresh Water District.

In accordance with Government Auditing Standards, we have also issued a report dated February 14, 1997, on our consideration of Teche Vermilion Fresh Water District's internal control structure and a report dated February 14, 1997, on its compliance with laws and regulations.

*Broussard, Roche, Lewis & Breault*

Lafayette, Louisiana  
February 14, 1997



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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
Teche-Vermilion Fresh Water District  
Lafayette, Louisiana

We have audited the general purpose financial statements of Teche-Vermilion Fresh Water District and the individual fund and account group financial statements of Teche-Vermilion Fresh Water District as of and for the year ended December 31, 1996, as listed in the table of contents. These financial statements are the responsibility of Teche-Vermilion Fresh Water District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Teche-Vermilion Fresh Water District at December 31, 1996, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles. Also, in our opinion, the individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of the individual fund and each of the account groups of Teche-Vermilion Fresh Water District at December 31, 1996, and the results of operations of such fund for the year then ended, in conformity with generally accepted accounting principles.

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**TECHE VERMILION FRESH WATER DISTRICT  
FINANCIAL REPORT  
DECEMBER 31, 1996**

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 4-2-97