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WARD 3, AVOYELLES WATERWORKS DISTRICT
MANSURA, LOUISIANA

FINANCIAL REPORT
December 31, 1995

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 7-24-96

KENNETH J. RACHAL
CERTIFIED PUBLIC ACCOUNTANT
HWY 114
HESSMER, LOUISIANA



96 JUN 27 AM 9:23

Kenneth J. Rachal

Certified Public Accountant

P. O. BOX 206
HESSMER, LOUISIANA 71341

PHONE:
OFFICE (318) 563-8383
FAX (318) 563-8942

MANAGEMENT LETTER

To the Board of Commissioners
Ward 3, Avoyelles Waterworks District

During my audit of the component unit financial statements of the Ward 3, Avoyelles Waterworks District, (hereinafter referred to as the District) for the year ended December 31, 1995, I did not note anything needing to be addressed in this letter, however, I wanted to address the action taken to correct findings from the prior year. Therefore, the following is a summary of the prior year findings and the action taken to correct them.

Prior Year Findings

1. The District needs to adopt various operating policies to help delineate lines of authority and spell out ground rules with which the District will operate. These policies may include the following:
 - a. A personnel policy covering approved holidays, time off, sick pay, job evaluation procedures, and guidelines to follow when hiring new employees.
 - b. A conflict of interest policy covering situations whereby relations of Board members and/or employees may or may not be hired.
 - c. Detailed job descriptions for the various positions in order to train new employees, evaluate existing employees, and set lines of authority.
 - d. Procedures need to be set up for making program changes to the computer.
 - e. An accounting manual needs to be adopted to spell out record keeping procedures and required reports
 - f. Purchasing guidelines need to be adopted to make clear authority given to President and employees
2. Bank reconciliations need to be prepared for all bank accounts even when the only activity in the month is a service charge and/or interest earned.

Receipt Acknowledged
Legislative Auditor

By _____

3. The miscellaneous fees collected each month need to be segregated and recorded in the general ledger. These fees include penalties earned, connect fees, reconnect fees, tap fees, collection fees, and any other miscellaneous fees collected along with water sales.

4. The District violated LSA-R.S. 24:513 which states the audit of the annual financial statements must be completed within six months after the end of the fiscal year. The audit was delivered a few days after that date.

The District wanted to insure the situation involving the theft was properly covered in the report, therefore, the report took a little longer to complete.

Corrective Action Taken

1. The District has prepared and adopted an operating manual during 1995.

2. Bank reconciliations have been prepared for all bank accounts after they were informed of the requirement.

3. The miscellaneous fees collected were segregated by the District during 1995.

4. The audit of the 1995 financial statements will be completed within the required six month period.

I would like to express my appreciation to you and your office staff for the courtesies and assistance rendered to us 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

Hessmer, Louisiana

June 3, 1996

WARD 3, AVOYELLES WATERWORKS DISTRICT
MANSURA, LOUISIANA

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Kenneth J. Rachal

Certified Public Accountant

P. O. BOX 206

HESSMER, LOUISIANA 71341

PHONE:

OFFICE (318) 563-8383

FAX (318) 563-8942

INDEPENDENT AUDITOR'S REPORT ON THE COMPONENT UNIT FINANCIAL STATEMENTS

Board of Commissioners
Ward 3, Avoyelles Waterworks District
Mansura, Louisiana

I have audited the accompanying component unit financial statements of Ward 3, Avoyelles Waterworks District, Mansura, Louisiana, a component unit of the Avoyelles Parish Police Jury, as of December 31, 1995 and for the year then ended. These component unit financial statements are the responsibility of Ward 3, 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 Ward 3, Waterworks District, Mansura, Louisiana, as of December 31, 1995, and the results of its operations and the cash flows for the year then ended, in conformity with generally accepted accounting principles.

Board of Commissioners
Ward 3, 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 Ward 3, 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 the I expressed in my report dated June 27, 1995 an unqualified opinion on the component unit financial statements of Ward 3, Avoyelles Waterworks District.

Kenneth Kachal

Hessmer, Louisiana
June 3, 1996



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Kenneth J. Rachal

Certified Public Accountant

P. O. BOX 206

HESSMER, LOUISIANA 71341

PHONE:

OFFICE (318) 563-8383

FAX (318) 563-8942

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF COMPONENT UNIT FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Ward 3, Avoyelles Waterworks District
Mansura, Louisiana

I have audited the component unit financial statements of Ward 3, Avoyelles Waterworks District, Mansura, Louisiana, as of and for the year ended December 31, 1995, and have issued my report thereon dated June 3, 1996.

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.

In planning and performing my audit of the component unit financial statements of Ward 3, Avoyelles Waterworks District for the year ended December 31, 1995, I obtained an understanding of the internal control structure. With respect to the internal control structure, 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 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. Accordingly, I do not express such an opinion.

The management of Ward 3, Avoyelles 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 component unit 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
- Payroll and related liabilities
- 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 and operation:

- A. Inadequate segregation of duties-The District 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.


Board of Commissioners
Ward 3, Avoyelles Waterworks District
Page 3

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 Ward 3, Avoyelles Waterworks District in a separate letter dated June 3, 1996.

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.


Hessmer, Louisiana
June 3, 1996



Kenneth J. Rachal

Certified Public Accountant

P. O. BOX 206

HESSMER, LOUISIANA 71341

PHONE:

OFFICE (318) 563-8383

FAX (318) 563-8942

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

Board of Commissioners
Ward 3, Avoyelles Waterworks District
Mansura, Louisiana

I have audited the component unit financial statements of Ward 3, Avoyelles Waterworks District, Mansura, Louisiana, for the year ended December 31, 1995, and have issued my report thereon dated June 3, 1996.

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 Ward 3, Avoyelles Waterworks District, Mansura, Louisiana, is the responsibility of Ward 3, Avoyelles Waterworks District's, management. As part of obtaining reasonable assurance about whether the component unit financial statements are free of material misstatement, I performed tests of Ward 3, Avoyelles Waterworks District's 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.

The results of my tests indicate that, with respect to the items tested, Ward 3, Avoyelles Waterworks District, Mansura, Louisiana, complied, in all material respects, with the provisions referred to in the preceding paragraph.

Disposition of prior year findings by the District:

1. Finding-State law requires all individuals handling funds are to be bonded by insurance. One of the part-time employees was not bonded as of December 31, 1995.

Action taken-The District purchased an insurance policy covering all potential losses which expires July 6, 1996.

2. Finding-State law requires all action taken at open meetings of the Board of Commissioners are to be maintained in writing and filed as a permanent record. It was noted that minutes taken at the beginning of the year 1995 did not appear to be adequate and contained very little information.

Action taken-Minutes are taken at all regular and special meetings of the Board of Commissioners. These minutes are transcribed to a typed copy, reviewed at the next meeting for Commissioner approval and maintained in a fire proof file.

- 3 Finding-State law requires employers to cover all employees with workers compensation insurance. The District was unable to provide workers compensation insurance policies prior to 1994 and did not remit enough for the 1994 policy.

Action taken-The District now has a workers compensation policy in force which is paid quarterly based upon payroll incurred.

4. Finding-The Board of Commissioners of the District improperly employed a member of the Board as a manager. The position of commissioner and manager is "incompatible" as defined by the statutory requirements of LSA-R.S. 42:64. Also, Attorney General Opinion No. 89-468, prohibits waterworks district board from employing its members, even if the Board adopts a resolution prohibiting those members from voting on matters relating to their employment.

Action taken-The individual in question has resigned and has made restitution. Also, the Board has stopped this practice.

5. Finding-Certain expenditures were in violation of the 1974 Louisiana Constitution-Article 7, Section 14. Proper documentation was not evident to support that certain expenditures were appropriate for the operation of the District.

Action taken-The Board has instituted steps to insure proper documentation for expenses, such as requiring purchase orders, and Board review of expense reports every month.

6. Finding-The per diem paid to each of the members of the board of commissioners from January 1994 to March 1994 exceeded the amount allowable by the statutory requirements of LSA-R.S. 33:3819.


Action taken-Response-The excess fees are being paid back and the correct fees are now being paid to Board members.

7. Finding-The District did not make the necessary transfers from the Revenue Fund to the Depreciation Fund as required by bond ordinance in the amount of \$99 per month.

Action taken-The District is making these transfers on a monthly basis as required by bond ordinance.

With respect to items not tested, nothing came to my attention that caused me to believe that Ward 3, Avoyelles Waterworks District had not complied, in all material respects, with those provisions.

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.


Hessmer, Louisiana
June 3, 1996

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COMPONENT UNIT FINANCIAL STATEMENTS

WARD 3, AVOYELLES WATERWORKS DISTRICT
MANSURA, LOUISIANA

PROPRIETARY FUND TYPE - ENTERPRISE FUND
COMPARATIVE BALANCE SHEET
December 31, 1995 and 1994

	<u>1995</u>	<u>1994</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 31,017	\$ 87,584
Investments	55,000	-
Accounts Receivable, Water Sales	27,205	26,817
Accrued Interest Receivable	225	-
Prepaid Insurance	2,942	-
Inventories	<u>8,894</u>	<u>9,658</u>
 Total Current Assets	 <u>125,283</u>	 <u>124,059</u>
RESTRICTED ASSETS		
Customer Deposits		
Cash and Cash Equivalents	9,818	27,792
Investments	20,000	-
Accrued Interest Receivable	1,129	-
Bond Accounts		
Cash and Cash Equivalents	11,615	68,714
Investments	60,000	-
Accrued Interest Receivable	<u>3,387</u>	<u>-</u>
 Total Restricted Assets	 <u>105,949</u>	 <u>96,506</u>
PROPERTY, PLANT AND EQUIPMENT		
Land	7,200	7,000
Building and Equipment	<u>725,969</u>	<u>725,429</u>
Total	733,169	732,429
Less: Accumulated Depreciation	<u>(315,388)</u>	<u>(292,216)</u>
 Net Property, Plant and Equipment	 <u>417,781</u>	 <u>440,213</u>
 TOTAL ASSETS	 \$ 649,013 =====	 \$ 660,778 =====

The accompanying notes are an integral part of this statement.

WARD 3, AVOYELLES WATERWORKS DISTRICT
MANSURA, LOUISIANA

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

	1995	1994
OPERATING REVENUES		
Charges for Services-Water Sales & Fees	\$ 221,999	\$ 200,777
OPERATING EXPENSES		
Cost of Water Sold	97,776	77,390
Salaries	43,677	36,537
Payroll Taxes	3,651	3,130
Travel	1,590	3,188
Utilities	5,434	5,571
Telephone	1,912	1,678
Office Supplies	2,133	2,762
Postage	1,809	1,733
Repairs and Maintenance	9,149	10,384
Professional Services	25	1,270
Auditing Fees	2,400	4,550
Investigation expenses	-	5,980
Commissioner Fees	4,440	5,540
Contract Services	70	1,703
Insurance	6,124	7,120
Depreciation	23,172	22,634
Dues	540	150
Other Operating	236	991
Total Operating Expenses	204,138	192,311
OPERATING INCOME	17,861	8,466
NONOPERATING REVENUES (EXPENSES)		
Interest Income	10,142	5,981
Miscellaneous Income	1,020	16,120
Interest Expense	(12,250)	(13,550)
Total Nonoperating Revenues (Expenses)	(1,088)	8,551
NET INCOME	16,773	17,017
ADD: DEPRECIATION ON FIXED ASSETS ACQUIRED BY GRANTS, ENTITLEMENTS, AND SHARED REVENUES EXTERNALLY RESTRICTED FOR CAPITAL ACQUISITIONS AND CONSTRUCTION THAT REDUCES CONTRIBUTED CAPITAL	7,198	7,198
RETAINED EARNINGS, Beginning	199,350	175,135
RETAINED EARNINGS, Ending	\$ 223,321	\$ 199,350

The accompanying notes are an integral part of this statement.

WARD 3, AVOYELLES WATERWORKS DISTRICT
MANSURA, LOUISIANA

PROPRIETARY FUND TYPE - ENTERPRISE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
For the Years Ended December 31, 1995 and 1994

	<u>1995</u>	<u>1994</u>
Cash Flows From Operating Activities:		
Cash Received From Customers	\$ 223,171	\$ 198,105
Cash Payments to Suppliers for Goods and Services	(140,565)	(122,674)
Cash Payments to Employees for Services	<u>(43,677)</u>	<u>(36,537)</u>
Net Cash Provided by Operating Activities	<u>38,929</u>	<u>38,894</u>
Cash Flows From Noncapital Financing Activities:		
Miscellaneous Receipts	<u>1,020</u>	<u>16,120</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,020</u>	<u>16,120</u>
Cash Flows From Capital and Related Financing Activities:		
Principal Paid on Notes Payable	(29,000)	(26,000)
Interest Paid on Notes Payable	(12,250)	(13,550)
Acquisitions of Plant and Equipment	<u>(740)</u>	<u>(6,835)</u>
Net Cash Used For Capital and Related Financing Activities	<u>(41,990)</u>	<u>(46,385)</u>
Cash Flows From Investing Activities:		
Increase in Investments	(135,000)	-
Interest Received on Investments	<u>5,401</u>	<u>5,981</u>
Net Cash Provided (Used) by Investing Activities	<u>(129,599)</u>	<u>5,981</u>
Net Increase in Cash and Cash Equivalents	(131,640)	14,610
Cash and Cash Equivalents at Beginning of Year	<u>184,090</u>	<u>169,480</u>
Cash and Cash Equivalents at End of Year	<u>\$ 52,450</u> =====	<u>\$ 184,090</u> =====

The accompanying notes are an integral part of this statement.

WARD 3, AVOYELLES WATERWORKS DISTRICT
MANSURA, LOUISIANA

PROPRIETARY FUND TYPE - ENTERPRISE FUND
COMPARATIVE 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	\$ <u>17,861</u>	\$ <u>8,466</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	23,172	22,634
Changes in Assets and Liabilities:		
Decrease (Increase) in		
Accounts Receivable	(388)	(6,272)
Prepaid Insurance	(2,942)	-
Inventories	764	182
Increase (Decrease) in		
Accounts Payable	(1,144)	10,630
Payroll Taxes Payable	(9)	(195)
Sales Taxes Payable	55	(151)
Customer Deposits	<u>1,560</u>	<u>3,600</u>
Total adjustments	<u>21,068</u>	<u>30,428</u>
Net cash provided by operating activities	\$ <u>38,929</u> =====	\$ <u>38,894</u> =====

WARD 3, AVOYELLES WATERWORKS DISTRICT
MANSURA, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 1995

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Ward 3, Avoyelles Waterworks District (hereinafter referred to as District) was incorporated on July 10, 1973 as a nonprofit corporation as defined in Louisiana Revised Statutes, Title 33, Chapter 8, Section 3811 et seq. The District operates under a Board of Commissioners consisting of five (5) members and are appointed by the Avoyelles Parish Police Jury. 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 District executive and legislative branches (the President and Board of Commissioners). Control by or dependence on the District 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 District has no component units. However, the District is a component unit of the Avoyelles Parish Police Jury. The Jury has the ultimate authority to approve the issuance of debt, they appoint all of the governing body and have general oversight responsibility over the District. The accompanying component unit financial statements present information only on the funds maintained by the District and do not present information on the Police Jury or any other governmental units.

Fund accounting. The accounts of the District are organized on the basis of funds, which are considered a separate accounting entity. The operations of the District are 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 District'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.

WARD 3, AVOYELLES WATERWORKS DISTRICT
MANSURA, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 1995

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting. The District utilizes the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred.

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

Allowance for Bad Debts. The allowance method is used to recognize bad debts of accounts receivable. The allowance is determined based upon past history and the aging of accounts receivable as of year-end. The allowance for bad debts at December 31, 1995 is immaterial.

Budgets and Budgetary Accounting. The District is not required to formulate an operating budget for the next ensuing year, however, it prepares one as a guide to assist the Board of Commissioners.

Inventories. Inventories are valued at cost utilizing the first-in, first-out method of valuation. At December 31, 1995 inventories consisted of materials used for water line repairs and amounted to \$8,894.

Investments. Investments which consist of insured money market accounts and interest-bearing demand deposit accounts. At December 31, 1995 cost approximated market value on these accounts held by the District.

Restricted Assets. Certain proceeds of the Revenue Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Also, security deposits paid by customers are listed as restricted assets since they are refundable to the customer.

WARD 3, AVOYELLES WATERWORKS DISTRICT
MANSURA, 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 District 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 District'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	30 - 40 years
Storage Tanks	40 years
Buildings	40 years
Equipment	5 - 20 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 District follows the policy of capitalizing interest as a component of the cost of property, plant and equipment for its own use. For the year ended December 31, 1995, there were no interest charges capitalized on fixed assets acquired or constructed.

WARD 3, AVOYELLES WATERWORKS DISTRICT
MANSURA, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 1995

NOTE 2. DEPOSITS AND INVESTMENTS

Deposits. The cash and cash equivalents are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At year end, the amount of the District's cash and cash equivalents was comprised of cash of \$146 and deposits of \$52,304. The carrying amount of these deposits was \$52,304 and the bank balance was \$52,549. Of the bank balance, \$52,549 was covered by federal depository insurance.

Investments. The investments held by the District are comprised of certificates of deposit with a maturity of one year. The carrying amount approximates market. All of the \$135,000 bank balance was covered by federal deposit insurance.

NOTE 3. ACCOUNTS RECEIVABLE

The accounts receivable balance at December 31, 1995 of \$27,205 consisted of the following:

Billed		
Current Billings	\$ 17,566	92%
Arrears	<u>1,428</u>	<u>8%</u>
Total Billed	18,994	100%
Unbilled	<u>8,211</u>	===
Total Receivables	27,205	
Less allowance	-	
Total	<u>\$ 27,205</u>	=====

Unbilled receivables represent the estimated billings for water sales from the last date the meters were read in the year of 1995 (approximately the 15th of December) to the end of the year.

WARD 3, AVOYELLES WATERWORKS DISTRICT
MANSURA, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 1995

NOTE 4. PROPERTY, PLANT AND EQUIPMENT

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

	Balance 12/31/94	Additions	Deletions	Balance 12/31/95
Land	\$ 7,000	\$ 200	\$ -	\$ 7,200
Buildings	43,755	-	-	43,755
Equipment	95,915	540	-	96,455
Distribution System	585,759	-	-	585,759
	\$ 732,429	\$ 740	\$ -	\$ 733,169
	=====	=====	=====	=====

NOTE 5. CHANGES IN LONG-TERM DEBT

The following is a summary of note transactions of the District for the year ended December 31, 1995:

Bonds Payable at 12/31/94	\$ 245,000
Bonds issued during period	-
Bonds retired during period	(29,000)
Bonds Payable at 12/31/95	\$ 216,000
	=====

Bonds payable (current and long-term portions) are financed with the G E Capital Corporation.

Bonds payable at December 31, 1995 consist of the following individual liabilities:

\$325,000 bonds dated January 1, 1975, bearing interest at 5% per annum, due in annual payments of \$3,000-\$18,000 through January 1, 2014.	\$ 182,000
\$47,000 bonds dated October 9, 1981 bearing interest at 5% per annum, due in annual payments of \$1,000-\$2,000 through January 1, 2021.	34,000
Total Bonds Payable at December 31, 1995	216,000
Less Current Portion	9,000
Long-Term Portion	\$ 207,000
	=====

WARD 3, AVOYELLES WATERWORKS DISTRICT
MANSURA, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 1995

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

The combined bonds are secured by water revenues of the District. The annual requirements to amortize all bonds outstanding at December 31, 1995 are as follows:

Period Ending December 31,	Principal	Interest	Total
1996	\$ 9,000	\$ 10,800	\$ 19,800
1997	9,000	10,350	19,350
1998	10,000	9,900	19,900
1999	10,000	9,400	19,400
2000	11,000	8,900	19,900
2001-2005	61,000	35,900	96,900
2006-2010	74,000	19,350	93,350
2011-2015	22,000	4,600	26,600
2016-2020	10,000	1,500	11,500
	<u>\$ 216,000</u>	<u>\$ 110,700</u>	<u>\$ 326,700</u>
	=====	=====	=====

Under the terms of the bond indentures all of the income and revenues earned by the District from operations of the waterworks system must be deposited in the "Waterworks Revenue Fund". Monies in this fund shall be first used for the payment of all reasonable and necessary expenses of operating and maintaining the system. By the 20th of each month out of the "Waterworks Revenue Fund" shall be transferred into the (1) "Waterworks Revenue Bond and Interest Sinking Fund" 1/12th of the next maturing installment of principal and interest on the outstanding bonds, (2) "Waterworks Reserve Fund" an amount equal to 5% of the amount transferred into the "Bond and Interest Sinking Fund" until there is on deposit an amount equal to \$22,950 and (3) "Waterworks Depreciation Fund" an amount equal to \$99. For 1995, all provisions have been met. Activity in these funds for 1995 follows:

	Sinking Fund	Reserve Fund	Depreciation Fund
Balance 12/31/94	\$ 24,871	\$ 23,326	\$ 20,517
Transfers In	-	-	2,400
Interest Earned	223	165	113
Balance 12/31/95	<u>\$ 25,094</u>	<u>\$ 23,491</u>	<u>\$ 23,030</u>
	=====	=====	=====

Restricted assets is made up of the following at December 31, 1995.

Cash	\$ 5,094	\$ 3,491	\$ 3,030
Investments	20,000	20,000	20,000
Accrued Interest Rec.	1,129	1,129	1,129
Totals	<u>\$ 26,223</u>	<u>\$ 24,620</u>	<u>\$ 24,159</u>
	=====	=====	=====

WARD 3, AVOUELLES WATERWORKS DISTRICT
MANSURA, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 1995

NOTE 6. RETIREMENT COMMITMENTS

Employees of the District are members of the social security retirement system. The District has no further liability for retirement commitments. The FICA expensed during 1995 on qualified payroll of \$43,477 was \$2,696.

NOTE 7. COMMITMENTS AND CONTINGENCIES

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

NOTE 8. CONTRIBUTED CAPITAL

Capital acquired by grants, entitlements and shared revenues has been shown on the face of the balance sheet as contributed capital. Sources of the contributed capital are summarized as follows:

	<u>Amount</u>
Customer Contributions	\$ 5,000
State Grants	182,000
Federal Grants	<u>100,304</u>
Total Contributed Capital	\$ 287,940 =====

The contributed capital is externally restricted for capital acquisition or construction. Depreciation on the fixed assets acquired by contributed capital is treated as a reduction of contributed capital and a corresponding increase of retained earnings. In the current year, \$7,198 of contributed capital was amortized.

NOTE 9. WATER PURCHASE CONTRACTS

The District purchases its water from the Town of Cottonport, Louisiana. On February 1, 1993, the District renewed its water purchase contract with the Town for a period of three (3) years. The terms of the contract are as follows:

1. A minimum of \$200 for the first 217,400 gallons
2. 92 cents per 1,000 gallons in excess of 217,400 gallons
3. In the event the District secures or obtains another source of supply of water for all or a portion of the District's requirements, the Town of Cottonport will have the right to terminate the contract upon ninety (90) days written notice to the District.

WARD 3, AVOYELLES WATERWORKS DISTRICT
MANSURA, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 1995

NOTE 9. WATER PURCHASE CONTRACTS (CONTINUED)

On August 2, 1994, the District entered a contract with Louisiana Water Company, a corporation domiciled at Baton Rouge, Louisiana (hereinafter referred to as LAWCO). The contract calls for the District to purchase water from LAWCO to be subsequently sold to Grand Casino Avoyelles. The contract term is for ten (10) years and expires on September 14, 2004. The District cost for this water is \$1.60 per 1,000 gallons.

NOTE 10. BOARD OF COMMISSIONERS

The Board of Commissioners' compensation for the year ending December 31, 1995 is as follows:

	Commissioner Fees <u>Per Diem</u>
Joan Decuir	\$ 900
Ginny Guillory	960
Leon Bordelon	480
Felton Carmouche	900
Huron Michel	300
Donald Sampson	900
	<u>\$4,440</u>
	=====

NOTE 11. ILLEGAL ACTS

Two board members were overpaid for board fees up to the year ending December 31, 1994 and they are presently making restitution to the District. The restitution being paid is included in the financial statement caption "Miscellaneous Income" shown on the "Comparative Statement of Revenues, Expenses and Changes in Retained Earnings."

NOTE 12. FEDERAL FINANCIAL ASSISTANCE

The District did not receive any federal financial assistance during the year ended December 31, 1995.

SUPPLEMENTARY INFORMATION

WARD 3, AVOUELLES WATERWORKS DISTRICT
MANSURA, LOUISIANA

MISCELLANEOUS INFORMATION
For the Year Ended December 31, 1995

	<u>Without Casino</u>	<u>Casino</u>
TOTAL BILLED CONSUMPTION	44,492,800 =====	24,301,800 =====
AVERAGE # OF CUSTOMERS BILLED PER MONTH	598 =====	1 =====
AVERAGE MONTHLY BILL PER CUSTOMER	\$ 22.29 =====	\$ 4,319.91 =====