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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 01/26/88

**EAST RICHLAND WATERWORKS DISTRICT
Orlè, Louisiana**

**COMPONENT UNIT FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 1995 AND 1996
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

EAST RICHLAND WATERWORKS DISTRICT
Delhi, Louisiana

COMPONENT UNIT FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 1995 AND 1996

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EAST RICHLAND WATERWORKS DISTRICT
Bella, Louisiana

COMPONENT UNIT FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 1995 AND 1996

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BONNIE T. ROBINETTE, CPA
7087 Deland Street, Suite 1
Monroe, LA 70003
(504) 342-8888
Fax: (504) 342-8883

INDEPENDENT AUDITORS' REPORT

**BOARD OF COMMISSIONERS
EAST RICHLAND WATERWORKS DISTRICT
RICHLAND PARISH, LOUISIANA**

I have audited the component unit financial statements of East Richland Waterworks District as of and for the two years ended December 31, 1995 and 1996 as listed in the table of contents. These component unit financial statements are the responsibility of the 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, Government Auditing Standards, issued by the Comptroller General of the United States, and U. S. Department of Agriculture Farmer's Home Administration Audit Program. These 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 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 East Richland Waterworks District as of and for the two years ended December 31, 1995 and 1996, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the component unit financial statements of East Richland 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 presented in all material respects in relation to the component unit financial statements taken as a whole.


BONNIE T. ROBINETTE, C.P.A.

Monroe, Louisiana
June 18, 1997

EAST RICHLAND WATERWORKS DISTRICT
 DeBis, Louisiana

STATEMENT A

COMPONENT UNIT FINANCIAL STATEMENTS
 WITH INDEPENDENT AUDITORS' REPORT
 AS OF AND FOR THE TWO YEARS ENDED
 DECEMBER 31, 1999 AND 1998

BALANCE SHEETS

	<u>1999</u>	<u>1998</u>
ASSETS		
Current assets:		
Cash	\$ 21,153	\$ 19,127
Investments	31,862	31,347
Accounts receivable - net of allowance of \$1,194 in 1999 and \$1,763 in 1998	12,979	12,791
Prepaid expenses	424	424
Total current assets	76,418	63,689
Restricted assets - cash	26,983	25,992
Property, plant, and equipment (net of accumulated depreciation)	215,989	215,388
TOTAL ASSETS	\$318,489	\$315,069
LIABILITIES AND FUND EQUITY		
Current liabilities:		
Accounts payable	\$ 5,515	\$ 4,857
Accrued salaries and other expenses	2,552	2,699
Interest payable on long-term debt	1,640	1,707
Customer deposits	7,020	6,258
Current maturities of long-term debt	2,185	2,862
Total current liabilities	18,912	17,783
Bonds payable	118,298	113,892
Total liabilities	137,210	131,675
Fund equity:		
Retained earnings	187,796	182,580
Total fund equity	187,796	182,580
TOTAL LIABILITIES AND FUND EQUITY	\$315,006	\$314,255

The accompanying notes are an integral part of this statement.

EAST RICHLAND WATERWORKS DISTRICT
Wald, Louisiana

STATEMENT B

COMPONENT UNIT FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 1995 AND 1994

STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS

	<u>1995</u>	<u>1994</u>
OPERATING REVENUES		
Water sales	\$ 151,565	\$ 129,380
Other fees and charges	3,545	2,601
Total operating revenues	155,110	131,981
OPERATING EXPENSES		
Administrative	1,943	1,518
Bad debt expense	881	148
Depreciation	9,319	9,319
Electricity fees	1,680	1,408
Insurance	1,700	1,218
Other expenses	-	340
Professional fees	-	3,865
Repairs and maintenance	4,780	1,888
Salaries and wages	25,689	23,875
Taxes and licenses	3,377	4,534
Water purchases	18,040	22,812
Total operating expenses	128,382	123,133
OPERATING INCOME	2,728	8,848
NON-OPERATING REVENUES (EXPENSES)		
Interest income	2,786	2,121
Interest expense	(3,782)	(4,841)
Total non-operating revenues (expenses)	(996)	(2,720)
NET INCOME (LOSS)	1,732	6,128
RETAINED EARNINGS (DEFICIT) AT BEGINNING OF YEAR	182,208	212,080
RETAINED EARNINGS (DEFICIT) AT END OF YEAR	\$ <u>183,940</u>	\$ <u>218,208</u>

The accompanying notes are an integral part of this statement.

EAST RICHLAND WATERWORKS DISTRICT
Dulhi, Louisiana

STATEMENT 1

COMPONENT UNIT FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 1995 AND 1994

STATEMENTS OF CASH FLOWS

	<u>1995</u>	<u>1994</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$134,748	\$ 112,007
Cash paid to suppliers and employees	(186,868)	(77,668)
Cash paid to others for services, taxes, etc.	(7,467)	(34,528)
Net cash provided by operating activities	<u>20,413</u>	<u>20,421</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Long-term bond proceeds	-	-
Acquisition and construction of fixed assets	-	-
Principal on long-term bonds	(3,842)	(3,718)
Interest on long-term bonds	(3,822)	(4,288)
Net cash used for capital financing activities	<u>(7,664)</u>	<u>(7,996)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on deposits	2,135	1,543
Purchase long-term certificate of deposit	(1,594)	(71,819)
Transfer to reserve accounts	-----	(922)
Net cash (used for) provided by investing activities	<u>-----</u>	<u>(71,198)</u>
NET INCREASE (DECREASE) IN CASH	<u>12,000</u>	<u>(5,025)</u>
CASH AT BEGINNING OF YEAR	<u>18,127</u>	<u>28,152</u>
CASH AT END OF YEAR	<u>\$ 30,127</u>	<u>\$ 23,127</u>

The accompanying notes are an integral part of this statement.

EAST RICHLAND WATERWORKS DISTRICT
Bella, Louisiana

STATEMENT 1

COMPONENT UNIT FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 1995 AND 1996

RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 8,545	\$ 9,288
Adjustments to reconcile operating income to net cash provided by operating activities:		
Bad debt expense	481	348
Depreciation	9,309	9,319
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(1,000)	(281)
(Increase) decrease in prepaid expenses	-	-
Increase (decrease) in accounts payable	1,478	(1,807)
Increase (decrease) in salaries payable	257	1,796
Increase (decrease) in taxes payable	683	587
Increase in customer deposits	<u>790</u>	<u>881</u>
Total adjustments	<u>11,368</u>	<u>11,147</u>
Net cash provided by operating activities	\$ <u>20,212</u>	\$ <u>20,435</u>

The accompanying notes are an integral part of this statement.

EAST RICHLAND WATERWORKS DISTRICT
Dulhi, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1995 AND 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

East Richland Waterworks District (the District) was created by the Richland Parish Police Jury, as authorized by Chapter 1 of Title 33 of the Louisiana Revised Statutes of 1958. The District is governed by a five-member board appointed by the police jury. The District is responsible for maintaining and operating the water distribution system within the boundaries of the district. At December 31, 1995 and 1996, the District had 538 and 580 residential customers, respectively.

A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Richland Parish Police Jury is the financial reporting entity for the parish. The financial reporting entity consists of (1) the primary government (police jury), (2) organizations for which the primary government is financially accountable, and (3) 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.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria determining which component units should be considered part of the Richland Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

EAST RICHLAND WATERWORKS DISTRICT
Bella, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1985 AND 1986

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. REPORTING ENTITY (Continued)

Because the police jury appoints the commissioners of the District and provides water service to residents within Richland Parish, the District was determined to be a component unit of the Richland Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. FIXED ASSETS AND LONG-TERM DEBT

Fixed assets of the District are included on the balance sheet of the fund. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over a 40-year estimated useful life for water lines and over the estimated useful life of other equipment.

C. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting refers to the timing of the measurements made, regardless of the measurement focus applied. The Enterprise Fund is reported in the accompanying financial statements on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

D. CASH AND INVESTMENTS

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

E. VACATION AND SICK LEAVE

The District's three part-time employees receive no vacation and sick leave each year.

EAST RICHLAND WATERWORKS DISTRICT
Dallas, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1995 AND 1996

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

At December 31, 1996, the District has cash and cash equivalents (book balances) and investments in certificates of deposits as follows:

	1996	1995
Demand deposits	\$31,157	\$19,177
Time deposits	\$22,892	\$22,247

These deposits 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 financial agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the financial agent. These securities are held in the name of the pledging financial agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1996, the District has \$54,049 in deposits (valued at book balances). These deposits are secured from risk by \$54,049 of federal deposit insurance.

NOTE 3 - FIXED ASSETS

A summary of fixed assets at December 31, 1995 and 1996 follows:

	Cost	Accumulated Depreciation	Net
1996			
Water lines	\$ 362,475	\$157,765	\$ 204,710
Equipment	7,286	8,790	(1,504)
Total	\$ 369,761	\$ 166,555	\$ 203,206
1995		Accumulated Depreciation	Net
Water lines	\$ 362,475	\$ 146,765	\$ 215,710
Equipment	7,286	7,087	199
Total	\$ 369,761	\$ 153,852	\$ 215,909

EAST RICHLAND WATERWORKS DISTRICT
Dahoh, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1995 AND 1996

NOTE 4 - PENSION PLAN

The District's three part-time employees are members of the Social Security System. In addition to employee contributions withheld at 7.65 per cent of gross salary, the District contributes an equal amount to the Social Security System. The District does not guarantee the benefits granted by the Social Security System.

NOTE 5 - LONG-TERM DEBT

The following is a summary of long-term debt transactions for the years ended December 31, 1995 and 1996:

	Water Revenue Bond
Bonds payable at December 31, 1994	\$ 115,754
Additions	-
Principal reductions	(2,721)
Bonds payable at December 31, 1995	117,033
Additions	-
Principal reductions	(3,041)
Bonds payable at December 31, 1996	\$ <u>113,992</u>

The bonds bear interest at a rate of 5%. The water revenue bond is secured by a pledge of the water revenues of the system.

The bonds are scheduled to mature as follows:

1995	\$ 3,194
1996	3,214
1997	3,230
1998	3,693
1999	3,882
Years thereafter	<u>80,389</u>
	\$113,992

NOTE 6 - LITIGATION AND CLAIMS

The District was not involved in any litigation at December 31, 1995 and 1996, nor is it aware of any unasserted claims.

**EAST RICHLAND WATERWORKS DISTRICT
Dohi, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1995 AND 1996**

NOTE 7 - FEDERAL PROGRAMS AND RESTRICTED CASH

During the year ended December 31, 1977, the District received two loans from Farmers Home Administration (FHA 18-408) in the combined amount of \$368,000. During the year ended December 31, 1997 one of the loans was repaid in its entirety. The remaining loan is included in long-term debt on the accompanying balance sheet. The loan agreement requires the establishment of the following accounts by the District to meet the reserve requirements of all loans:

- A. A "Revenue Bond Reserve Fund." The District must transfer into this fund, each month an amount equal to 1% of the annual debt service requirement until a sum equal to the highest annual debt service in any one year is on deposit in the fund. The deposits in the fund are to be used solely for the payment of principal and interest in the event sufficient deposits are not available in the District's funds.
- B. A "Depreciation or Contingency Fund." The District must transfer \$20 into this fund each month. The deposits in this fund may be used by the District for unusual or extraordinary maintenance, repairs, replacements and extensions and for the costs of improvements to the system which will either enhance its revenue-producing capacity or provide a higher degree of service. The deposits may also be used to pay principal and interest when insufficient amounts are available in either of the above funds.

The following is a summary of transactions in the reserve accounts for the years ended December 31, 1995 and 1996:

	Bond Reserve	Depreciation Contingency
Balance at January 1, 1995	\$11,789	\$12,161
Additions:		
Deposits	456	516
Interest earnings	_281	_291
Balance at December 31, 1995	12,534	12,968
Additions:		
Deposits	-	-
Interest earnings	_286	_295
Balance at December 31, 1996	<u>\$12,820</u>	<u>\$13,263</u>

EAST RICHLAND WATERWORKS DISTRICT
Dulhi, Louisiana

COMPONENT UNIT FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 1995 AND 1994

SUPPLEMENTAL INFORMATION SCHEDULES

EAST RICHLAND WATERWORKS DISTRICT
Bossier, Louisiana

SCHEDULE 1

COMPONENT UNIT FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 1995 AND 1996

SCHEDULE OF WATER RATES

<u>Classification</u>	<u>Tariff</u>	<u>Rate</u>
Residential	Monthly minimum for 2,000 gallons	\$ 8.00
	2,000 - 5,000 gallons	8.00 + 2.15/1,000
	5,000 - 10,000 gallons	8.00 + 2.85/1,000
	10,000 gallons and up	8.00 + 1.85/1,000
Commercial	0 - 15,000 gallons	\$21.50
	15,000 gallons and up	35.00 + 1.85/1,000
Byzou Mares Contract	Per 1,000 gallons	\$ 1.30

EAST RICHLAND WATERWORKS DISTRICT
Bella, Louisiana

SCHEDULE 3

COMPONENT UNIT FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 1998 AND 1996

SCHEDULE OF INSURANCE COVERAGE

Type of Coverage	Name of Insurer	Policy Number	Amount of Coverage	Expiration Date
Liability	Republic Vanguard	300474	\$200,000	February 13, 1997
Fire	Republic Vanguard	300474	\$ 50,000	February 13, 1997
Medical Payments	Republic Vanguard	300474	\$ 5,000	February 13, 1997
Fidelity Bond	Western Surety	141852283	\$ 50,000	September 29, 1997

EAST RICHLAND WATERWORKS DISTRICT
DeBla, Louisiana

SCHEDULE J

COMPONENT UNIT FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 1995 AND 1996

SUPPLEMENTAL INFORMATION SCHEDULE

COMPENSATION PAID BOARD MEMBERS

The schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 24 of the 1979 Session of the Louisiana Legislature.

	<u>1995</u>	<u>1996</u>
Donald Green	\$200	\$200
Claude E. House	200	200
Richard King	200	200
Clarence McCall	200	200
Jim Nichols	200	—
	<u>\$1,000</u>	<u>\$1,000</u>

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

**BOARD OF COMMISSIONERS
EAST RICHLAND WATERWORKS DISTRICT
RICHLAND PARISH, LOUISIANA**

I have audited the component unit financial statements of the East Richland Waterworks District of the Parish of Richland, State of Louisiana, a component unit of Richland Parish Police Jury, for the two years ended December 31, 1996, and have issued my report thereon dated June 18, 1997.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States; and U.S. Department of Agriculture Farmer's Home Administration Audit Program. These 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.

The Board of Commissioners of the East Richland 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 recorded 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 my audit of the component unit financial statements of East Richland Waterworks District of the Parish of Richland, State of Louisiana, for the two years ended December 31, 1996, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

BOARD OF COMMISSIONERS
EAST RICHLAND WATERWORKS DISTRICT
RICHLAND PARISH, LOUISIANA

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. These matters are described in the accompanying Schedule of Reportable Conditions. 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 judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

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 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. However, I believe reportable condition #1 is a material weakness.

This report is intended for the information of the Board of Commissioners, 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.


THOMAS T. ROBINETTE, C.P.A.

Monroe, Louisiana
June 18, 1997

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN
AUDIT OF COMPONENT UNIT FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**BOARD OF COMMISSIONERS
EAST RICHLAND WATERWORKS DISTRICT
RICHLAND PARISH, LOUISIANA**

I have audited the component unit financial statements of the East Richland Waterworks District of the Parish of Richland, State of Louisiana, a component unit of Richland Parish Police Jury, for the two years ended December 31, 1996, and have issued my report thereon dated June 18, 1997.

I conducted my audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and U.S. Department of Agriculture Farmer's Home Administration Audit Program. These 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 and contracts applicable to the East Richland Waterworks District is the responsibility of the Board of Commissioners. As part of obtaining reasonable assurance about whether the component unit financial statements are free of material misstatement, I performed tests of the 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 disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

I noted certain immaterial instances of noncompliance that I have reported in the accompanying Schedule of Findings and Questioned Costs.

BOARD OF COMMISSIONERS
EAST MICELAND WATERWORKS DISTRICT
MICELAND PARISH, LOUISIANA

This report is intended for the information of the Board of Commissioners 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.


FRANCIS T. SCHMETZ, C.P.A.

Monroe, Louisiana
June 18, 1997

EAST RICHLAND WATERWORKS DISTRICT
Bella, Louisiana

COMPONENT UNIT FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 1993 AND 1992

STATUS OF PRIOR YEAR REPORTABLE CONDITIONS

1. Inadequate Segregation of Duties

Status: See Reportable Condition #1.

STATUS OF PRIOR YEAR FINDINGS

1. Annual Budget Submission

Status: See Finding #1.

2. Deposits to Depreciation Reserve Fund

Status: See Finding #2.

EAST RICHLAND WATERWORKS DISTRICT
Brea, Louisiana

COMPONENT UNIT FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 1995 AND 1996

SCHEDULE OF REPORTABLE CONDITIONS

b. **Inadequate Segregation of Duties**

Farmer's Home Administration

CONDITIONS: Inadequate segregation of duties exist in that personnel perform incompatible functions, those that allow an error or irregularity that is material to the financial statements to occur and remain undetected.

EFFECT OF CONDITIONS: Errors could occur and not be detected in a timely manner.

RECOMMENDATIONS: Management should review the practicality of achieving adequate segregation of duties.

MANAGEMENT'S RESPONSE: Due to a limited number of personnel, the cost of correcting the weaknesses would exceed the benefits derived.

EAST RICHLAND WATERWORKS DISTRICT
Della, Louisiana

COMPONENT UNIT FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 1985 AND 1986

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

1. **Annual Budget Submission**

Farmer's Home Administration

CONDITION: The District did not submit its annual budget to Farmer's Home Administration for either of the two years ended December 31, 1986.

CAUSE OF CONDITION: New water lines were added to the system in 1985 which created uncertainty regarding future revenues and expenditures in preparing the budget.

EFFECT OF CONDITION: The District is not in compliance with requirements of the Farmer's Home Administration Loan Agreement.

RECOMMENDATION: Budgets should be prepared and submitted on an annual basis.

MANAGEMENT'S RESPONSE: Budgets will be submitted annually in the future.

2. **Deposits to Depreciation Reserve Fund**

Farmer's Home Administration

CONDITION: The Loan Agreement requires monthly payments of \$40 to the Depreciation Reserve Contingency Fund to provide money for extraordinary maintenance and repairs to the system.

CAUSE OF CONDITION: The District overlooked the payments to the fund.

EFFECT OF CONDITION: The District is not in compliance with requirements of the Farmer's Home Administration loan agreement.

RECOMMENDATION: The District should begin making the required deposits to the depreciation reserve.

MANAGEMENT'S RESPONSE: The required deposit was inadvertently overlooked and made in January, 1987.