

SUPPLEMENTAL INFORMATION

Edward Keenan Walker District
 of the State of Washington, State of Louisiana
 Washington Public Health Policy Study
 President, Localities

Schedule 1

Schedule of Federal Financial Assistance
 For the Year Ended December 31, 1968

Federal Commodity/Through Granting Program (2)	Federal CFDA Number	Program or Activity	Amount Received or Obligated in 1968	Amount of Reversal Reported	Amount Received or Obligated in 1968	Amount of Reversal in 1968
U. S. Department of Agriculture State and Works Program Systems For Rural Communities -Construction Loan/Grant Obligations (Items 1 & 2)	16.416	\$ 1,650,000	\$ 48	\$ 1,210,478	\$ 1,280,603	\$ 67
Total Commodity Activity		\$	\$ 48	\$ 1,210,478	\$ 1,280,603	\$ 67
Total Federal Financial Assistance		\$	\$ 48	\$ 1,210,478	\$ 1,280,603	\$ 67

Note 1: Total proceeds reported in cash basis for construction are as follows:

Grant proceeds	\$480,478
Loan proceeds	729,000
Total funds received at December 31, 1968	<u>\$ 1,210,478</u>

Note 2: The above schedule shows, in a cash basis, the expenditures of all construction cash proceeds received from BECO. The audited financial statements reported on an accrual basis, also include the following amounts:

Construction in Progress, December 31, 1968	\$ 4,208
Expenditures, Next year ending December 31, 1968:	
Materials, BECO membership amount, cash basis	1,200,000
Grant construction expenditures	11
Amount non-received payable	23,297
Construction accounts payable	24,867
Retainage payable	50,000
Total Construction Expenditures	<u>1,298,175</u>
Less: cash received	(729,000)
Construction in Progress, December 31, 1968	<u>\$ 1,200,000</u>

The accompanying notes are an integral part of these statements.

**MOUNT HERMON WATER DISTRICT
OF THE
PARISH OF WASHINGTON, STATE OF LOUISIANA
WASHINGTON PARISH POLICE JURY
Franklin, Louisiana**

Schedule 1

**SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
For the Year Ended December 31, 1996**

The schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1978 Session of the Louisiana Legislature. As of December 31, 1996, board members had not received compensation for their services.

NAME	Amount
Donnie Riley, Chairman	\$ -
Damon Miller, Vice-Chairman	-
Wardell Smith, Secretary-Treasurer	-
Everette Roberts, Commissioner	-
Buddy Holman, Commissioner	-
	\$ -

Board of Commissioners	Address	Term of Office
Donnie Riley, Chairman	1791 Washington Street Franklin, LA 70438	Term Expires Dec. 31, 2001
Damon Miller, Vice- Chairman	Riverside Apartments, Room 207 1738 Main Street Franklin, LA 70438	Term Expires Dec. 31, 2002
Wardell Smith, Secretary- Treasurer	34284 Sorey Hill Road Mt. Hermon, LA 70458	Term Expires Dec. 31, 1997
Everette Roberts	38085 Thomas Cross Road Mt. Hermon, LA 70458	Term Expires Dec. 31, 1998
Buddy Holman	34693 Hwy. 38 Mt. Hermon, LA 70458	Term Expires Dec. 31, 1999

The accompanying notes are an integral part of this statement.

MOUNT HERMON WATER DISTRICT
OF THE
PARISH OF WASHINGTON, STATE OF LOUISIANA
WASHINGTON PARISH POLICE JURY
Frankston, Louisiana

Schedule J

SCHEDULE OF INSURANCE
For the Year Ended December 31, 1996

Insurance Company	Coverage	Amount	Period
American Central Insurance Company Policy # MEE0489940 (See Note 1 Below)	Commercial (General Liability): General Aggregate Limit (other than Products / Completed Operations)	\$100,000	2/91/97 2/91/98
	Products / Completed Operations Aggregate Limit	\$100,000	
	Personal and Advertising Injury	\$100,000	
	Each Occurrence Limit	\$100,000	
	Fire Damage Limit	\$ 500,000	
Western Surety Policy # 68463396	Public Official Position Schedule Bond:		1/93/96 Until Cancelled
	President	\$ 40,000	
	Secretary-Treasurer	\$ 40,000	

Note 1: The policy for Commercial General Liability is effective after the fiscal year ending December 31, 1996.

The accompanying notes are an integral part of this statement.

MOUNT HERMON WATER DISTRICT
OF THE
PARISH OF WASHINGTON, STATE OF LOUISIANA
WASHINGTON PARISH POLICE JURY
Franklinton, Louisiana

Schedule 4

SCHEDULE OF WATER CUSTOMERS
For the Year Ended December 31, 1996

As of December 31, 1996, the water district had the following number of customers.

Water-Residential	163
Water-Commercial	-
Total Customers	<u>163</u>

SCHEDULE OF WATER RATES
For the Year Ended December 31, 1996

At December 31, 1996, the water district had adopted the following rate schedule.

<u>Category of Service</u>	<u>Rate/yr.</u>
Residential:	
First 2,000 gallons	\$11.00
Over 2,000 gallons	2.50/1000 gallons
Commercial:	
First 10,000 gallons	\$30.00
Over 10,000 gallons	2.50/1000 gallons

The accompanying notes are an integral part of this statement.

MOUNT HERMON WATER DISTRICT
OF THE
PARISH OF WASHINGTON, STATE OF LOUISIANA
WASHINGTON PARISH POLICE JURY
Franklinton, Louisiana
Notes to the Financial Statements
(Continued)

1. FUND EQUITY

Contributed Capital

Grants, settlements, or shared revenues received that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired from such contributions. This amortization is shown to the contributed capital account.

Reserves

Reserves represent those portions of fund equity legally segregated for a specific future use.

2. CASH AND CASH EQUIVALENTS

At December 31, 1996, the district has cash and cash equivalents (bank balances) totaling \$23,086, as follows:

Non interest-bearing Demand Deposits	\$ 1,179
Interest-bearing Demand Deposits	15,811
Total	<u>\$ 23,086</u>

These deposits are stated at cost, which approximates market value. Under state law, these deposits (or the existing 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 collateral bank that is mutually acceptable to both parties. At December 31, 1996, the district had \$23,086 in collateral bank balances consisting of \$7,035 in non interest-bearing demand deposits and \$13,951 in interest-bearing demand deposits. Each category of demand deposits is protected by \$100,000 of federal deposit insurance.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:3129 imposes a statutory requirement on the collateral bank to advertise and sell the pledged securities within 30-days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

3. RECEIVABLES

At December 31, 1996, construction for the water system improvements was not complete. The system improvements were completed and the water system became revenue-producing in March, 1997.

**MOUNT HERMON WATER DISTRICT
OF THE
PARISH OF WASHINGTON, STATE OF LOUISIANA
WASHINGTON PARISH POLICE JURY
Franklin, Louisiana
Notes to the Financial Statements
(Continued)**

6. The district will not sell, lease or in any manner dispose of the System or any substantial part thereof, provided the district may dispose of property that in its judgment is worn-out, unserviceable, unavailable, or unnecessary in the operation of the System.
7. The district will not, except as provided by this bond resolution, voluntarily create or cause to be created any debt, lien, pledge, mortgage, assignment, or any other charges having priority or parity with the liens of the bonds upon the income and revenues of the System pledged as security therefor.
8. That, to the extent permitted by law, the district will not grant a franchise to any utility for operation within the boundaries of the district.
9. In operation of the System, the district will require all officers and employees in a position of authority or in possession of money derived from operations of the System to be covered by a blanket fidelity bond or faithful performance bond.

The current rate schedule, the schedule of insurance coverages (Items 4-6) and fidelity bond coverages (Item 9) are disclosed in the "Supplemental Information" schedules included as a part of this audit report. Non-compliance was not noted in the review of the remaining bond covenants.

7. FUND EQUITY

Reserved Retained Earnings is created in conjunction with the issuance of revenue bonds and is funded by transfers from the reserve account, based on monies held by the water district that are restricted for bond payments. The purpose of the reserved retained earnings is to service the revenue bonds.

8. DEFICIT UNRESERVED RETAINED EARNINGS

The water district has an unreserved retained earnings deficit of \$108,248 for the fiscal year ending December 31, 1998. The deficit is caused primarily by the reclassification of reserved retained earnings, and that the system did not become revenue producing until March, 1997.

9. WATER SYSTEM MANAGEMENT

The water district is to be operated under a contract with an outside party. The contract management will provide services for operation and maintenance of the system, including billing services for the water district.

**MOUNT HERMON WATER DISTRICT
OF THE
PARISH OF WASHINGTON, STATE OF LOUISIANA
WASHINGTON PARISH POLICE JURY
Franklin, Louisiana
Notes to the Financial Statements
(Continued)**

The actual creation of a sinking fund was not required since the district pays required bond installments directly to Rural Economic and Community Development, on a monthly basis.

- (c) The establishment of the "Water Revenue Bond Reserve Fund" (the Reserve Fund) by transferring from the Water Revenue Fund, the operating account of the district, monthly in advance on or before the 30th of each month a sum at least equal to five per cent (5%) of the amount to be paid each month for bond principal and interest payments. The actual amount to be transferred for bonds outstanding at December 31, 1996, per the RECD Letter of Conditions, was a total of \$143. Deposits of funds shall continue until such time as there has been accumulated in the Reserve Fund an amount of money equal to the highest unamortized principal and interest requirements of any remaining twelve month period. The money in the Reserve Fund is required to be retained solely for the purpose of paying the principal and interest on bonds payable, upon approval by the Rural Economic and Community Development office, for which there would otherwise be default. Deposits to the Reserve Fund were required to commence with the month following completion and acceptance of the improvements and extensions financed with the proceeds of the bonds. The system improvements financed with the 1996 Revenue Bonds began revenue producing during March 1997.

Since the system became revenue producing in March, 1997, the required deposits for the Reserve Fund are not in lieu until April, 1997. However, the district maintained a balance of \$3,578 in the Reserve Fund at December 31, 1996. Part of the balance included a deposit of \$3,861 made per loan closing requirements for the RECD bond.

- (d) The establishment and maintenance of the "Water Depreciation and Contingency Fund" (the Contingency Fund) to care for depreciation, extensions, additions, improvements and replacements necessary to operate properly the System, by transferring from the Water Revenue Fund, the operating account of the district, monthly in advance on or before the 30th of each month the sum of \$151 per month. Money in the Contingency Fund may also be used, upon approval, to pay the principal and interest on any bond for which there is not sufficient money in the Sinking Fund or the Reserve Fund.

Since the system became revenue producing in March, 1997, the required deposits for the Reserve Fund are not in lieu until April, 1997. However, the district maintained a balance of \$3,953 in the Depreciation and Contingency Fund at December 31, 1996. Part of the balance included a deposit of \$5,450 made per loan closing requirements for the RECD bond.

- (e) The district, as the original bond purchaser also obligated itself to abide by the following covenants:
1. The district will shut off service if the delinquent charge, with interest and penalties accrued thereon, is not paid within fifteen days from the date on which such charges become delinquent.
 2. A penalty of 30% will be charged on all delinquent accounts, and interest at a reasonable rate as established by the district, as well payment of a reasonable recovery charge for the assumption of services.
 3. The district agrees to maintain the System in first class repair and working order and condition.
 4. The district will carry full insurance coverage on the System in the manner required by the Government, with a company licensed to do business under the laws of Louisiana.
 5. The district will maintain separate and correct records and accounts, and will have the books audited no later than three months after the end of the fiscal year.

**MOUNT HERMON WATER DISTRICT
 OF THE
 PARISH OF WASHINGTON, STATE OF LOUISIANA
 WASHINGTON PARISH POLICE JURY
 Franklinton, Louisiana
 Notes to the Financial Statements
 (Continued)**

The annual requirements to service all debt outstanding as of December 31, 1986, including interest payments of \$862,291 are as follows:

Year Ending December 31,	1986 RECD Revenue \$754,800
1987	\$ 27,435
1988	27,708
1989	44,435
2080	44,435
2081	44,435
1980-2086	272,134
1987-2011	272,134
1912-2016	272,134
1917-2021	272,134
2022-2026	272,134
1827-2031	221,150
1832-2036	181,100
	<u>\$ 1,116,291</u>

6. FLOW OF FUNDS, RESTRICTIONS ON USE

As of December 31, 1986, the Mount Hermon Water District of the Parish of Washington, State of Louisiana, has one Rural Economic Community Development (RECD) Revenue Bond. The total bond amount of \$754,800 was issued February 8, 1986, at an interest rate of 3.0%. The original bond resolution specifies that the bonds shall be secured and payable in principal and interest exclusively by a pledge of the income and revenues derived or to be derived from the operation of the system. Other specific legal requirements and bond restrictions are summarized below:

- a) The issuer, the Mount Hermon Water District of the Parish of Washington, State of Louisiana, covenants to fix, establish, and maintain such rates and collect such fees, rents, or other charges for the services and facilities of the System, and all parts thereof, and to receive the same from time to time whenever necessary, to pay the reasonable and necessary expenses of operating and maintaining the system in each year, all reserves or sinking funds required, and all other obligations or indebtedness payable out of the revenues of the System, and which will provide revenues in each year, after paying all reasonable and necessary expenses of operating and maintaining the System, at least equal to 120% of the largest amount of principal and interest maturing on the bonds in any future fiscal year and on any parity bonds issued thereafter.

For the fiscal year ending December 31, 1986, the water system was still under construction, and did not become revenue producing until March, 1987.

- b) The establishment and maintenance of a "Water Bond and Interest Sinking Fund" (the Sinking Fund) sufficient in amount to pay promptly and fully the principal and interest on the bonds.

MOUNT HERMON WATER DISTRICT
OF THE
PARISH OF WASHINGTON, STATE OF LOUISIANA
WASHINGTON PARISH POLICE JURY
Franklin, Louisiana
Notes to the Financial Statements
(Continued)

4. CONSTRUCTION IN PROGRESS

Funding for water system improvements was provided under a loan/grant program from the U.S. Rural Economic and Community Development (RECON) office. Total funding of \$1,628,000 consisted of a grant of \$806,000 and a loan of \$754,000. The district recorded construction in progress of \$1,428,812, at December 31, 1996, and completed construction of system improvements subsequent to fiscal year end, during March, 1997.

5. LONG-TERM DEBT

The following is a summary of bond transactions of the Mount Hermon Water District of the Parish of Washington, State of Louisiana for the year ended December 31, 1996:

	1996 RECON Water Revenue
	\$354,000
	<hr style="width: 50%; margin-left: auto; margin-right: 0;"/>
Bonds Payable January 1, 1996	-
Additions	754,000
	<hr style="width: 50%; margin-left: auto; margin-right: 0;"/>
Bonds Payable December 31, 1996	<u>\$ 754,000</u>

The above table shows the total proceeds of \$754,000 received during the fiscal year ending December 31, 1996. Under the terms of the bond agreement, the bond is payable over forty (40) years, with the first two payments consisting of interest only which shall fall due on the first two anniversary dates (February 8, 1997 and February 8, 1998). The interest payment for February 8, 1997 of \$27,425 was made during January, 1997. Commencing March 8, 1998 and on the 8th day of each month thereafter through February 8, 2036, the payments shall be in monthly installments of \$1,702.34 consisting of fully amortized payments of principal and interest.

**MOUNT HERMON WATER DISTRICT
OF THE
PARISH OF WASHINGTON, STATE OF LOUISIANA
WASHINGTON PARISH POLICE JURY
Franklin, Louisiana
Notes to the Financial Statements
(Continued)**

E. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the district may invest in United States bonds, treasury notes, or certificates. These are classified as investments if the 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.

F. INVENTORIES

Purchases of various operating supplies are regarded as expenditures at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year.

G. PREPAID ITEMS

Purchases of items regarded as having a short economical life are expensed when purchased, and prepaid amounts for such items are not recorded as assets at the close of the fiscal year.

H. RESTRICTED ASSETS

Certain proceeds of the Enterprise Fund revenue bonds, as well as certain revenues set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

I. FIXED ASSETS

Fixed assets of the district are included on the balance sheet of the fund. Interest costs incurred during construction are capitalized. Depreciation of all depreciable fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of 20 to 40 years for water systems and 3 to 10 years for equipment.

J. COMPENSATED ABSENCES

At December 31, 1996, the district did not have employees that accumulate or vest benefits.

K. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the Enterprise Fund.

**MOUNT HERMON WATER DISTRICT
OF THE
PARISH OF WASHINGTON, STATE OF LOUISIANA
WASHINGTON PARISH POLICE JURY
Franklin, Louisiana
Notes to the Financial Statements
(Continued)**

- 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.

Because the police jury appoints the governing board and the scope of public service is determined by the police jury, the district was determined to be a component unit of the Washington Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the fund maintained by the district and does not present information on the police jury, the general governmental services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The Mount Hermon Water District is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financial and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as the time liabilities are incurred. The Enterprise Fund uses the following practices in recording certain revenues and expenses:

Revenues

Fees for water services are recorded as revenues after the meters are read. All other revenues are recorded when the service has been provided.

Expenditures

All operating expenses, except depreciation, are recorded when they are incurred. Depreciation is recorded each month over the life of the asset.

MOUNT HERMON WATER DISTRICT
OF THE
PARISH OF WASHINGTON, STATE OF LOUISIANA
WASHINGTON PARISH POLICE JURY
Franklin, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 1998

INTRODUCTION

Mount Hermon Water District of the Parish of Washington, State of Louisiana was established July 23, 1988, by an ordinance of the Washington Parish Police Jury. The ordinance, created pursuant to Chapter 8 of Title 33 of the Louisiana Revised Statutes of 1995, and other constitutional and statutory authority supplemental thereto, describes and defines the boundaries of the water district, and provides for a 5-member governing board of commissioners appointed by the Washington Parish Police Jury.

Mount Hermon Water District was then created and constitutes a public corporation and political subdivision of the State of Louisiana, and has all the power and privileges granted by the constitution and statutes of this state to such subdivision, including the authority to incur debt, to issue bonds, and to levy taxes and assessments.

Construction of water system plant and equipment for the water system was financed under a loangrant program from the United States Rural Economic and Community Development (RECD) office, with construction completed in March, 1997. Mount Hermon Water District, upon commencement of operations in March, 1997, will serve 363 water customers. The district contracts the operation and maintenance of the water system, including billings of water customers, to an outside agent.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying component unit financial statements of the Mount Hermon Water District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Washington Parish Police Jury is the financial reporting entity for Washington Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that inclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Washington Parish Police Jury for financial reporting purposes. The basic criteria 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

Grand Haven Water District
of the
Parish of Washington, State of Louisiana
Washington Parish Police Jury
Franklin, Louisiana

STATEMENT OF CASH FLOWS-PROPRIETARY FUND TYPE
Year Ended December 31, 1998

STATEMENT C

	<u>120,198</u>
Cash Flows from Operating Activities:	
Operating Income (Loss)	\$ (2,317)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:	
Changes in Contributions Payable	35,881
Changes in Retainage Payable	143,887
Changes in Accrued/BECD Bond Interest	25,887
Changes in Utility Deposit	(278)
Total Adjustments	<u>184,377</u>
Net Cash Provided by (Used For) Operating Activities	<u>182,060</u>
 Cash Flows from Capital and Related Financing Activities:	
Proceeds from Retired Bonds	754,000
Proceeds from Contributed Capital	487,337
Payments for Capital Additions	<u>(1,459,152)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>782,185</u>
 Net Cash Increase for Year	<u>964,245</u>
 Cash at Beginning of Year	<u>28,765</u>
 Cash at End of Year	\$ <u>29,009</u>

The accompanying notes are an integral part of these statements.

Mount Vernon Water District
of the
Parish of Washington, State of Louisiana
Washington Parish Police Jury
Franklin, Louisiana

STATEMENT B

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN UNRESERVED
RETAINED EARNINGS - PROPRIETARY FUND TYPE
Year Ended December 31, 1996

	<u>1996</u>
Operating Revenues	\$ -
Water Sales	-
Total Operating Revenues	<u>-</u>
Operating Expenses	
Bank Charge	100
Insurance	1,000
Miscellaneous	00
Office Supplies	00
Utilities	430
Total Operating Expense	<u>1,530</u>
Net Operating (Loss)	<u>(1,530)</u>
Non-Operating Revenue (Expense):	
Interest Income	200
Total Non-Operating Revenue (Expense)	<u>200</u>
Net Income (Loss)	<u>(1,330)</u>
Increase in Reserve for Contingencies	75,000
Retained Earnings-Unreserved	
January 1, 1996	-
Initially Retained Earnings-Unreserved December 31, 1996	\$ <u>(13,330)</u>

The accompanying notes are an integral part of these statements.

Mount Vernon Water District
of the
Parish of Washington, State of Louisiana
Washington Parish Police Jury
Franklin, Louisiana

BALANCE SHEET - PROPRIETARY FUND TYPE

December 31, 1995

STATEMENT A

	1995
Assets	
Current Assets	
Cash	\$ 589
Total Current Assets	589
Restricted Assets	
Cash - RECD Depreciation & Contingency Fund	6,893
Cash - RECD Revenue Hole Fund	8,978
Cash - RECD Revenue Fund	5,914
Cash - Construction	831
Total Restricted Assets	22,616
Property, Plant and Equipment	
Land	3,890
Construction in Progress	1,428,812
Total Property, Plant and Equipment	1,432,702
Other Assets	
Utility Deposits	220
Total Other Assets	220
Total Assets	\$ 1,458,826
Liabilities and Fund Equity	
Liabilities	
Current Liabilities (Payable From Restricted Assets)	
Accrued RECD Bond Interest	\$ 33,387
Construction Payable	25,852
Salvage Payable	145,887
Total Current Liabilities (Payable From Restricted Assets)	205,126
Long-Term Liabilities	
Revenue Bonds Payable -	
RECD Loan	754,000
Total Long-Term Liabilities	754,000
Total Liabilities	959,126
Fund Equity	
Contributed Capital	512,298
Net Contributed Capital	512,298
Retained Earnings	
Reserves - RECD Depreciation & Contingency Fund	6,443
Reserves - RECD Revenue Hole Fund	8,978
Unreserved Retained Earnings	128,188
Total Retained Earnings (Deficit)	143,609
Total Fund Equity	655,907
Total Liabilities and Fund Equity	\$ 1,458,826

The accompanying notes are an integral part of these statements.

BRUCE BARRELL & CO.
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MEMBER
American Institute of CPAs
Society of Louisiana CPAs

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

Board of Commissioners
Mount Herman Water District of the
Parish of Washington, State of Louisiana
Washington Parish Police Jury
Franklin, Louisiana

We have audited the component unit financial statements of the Mount Herman Water District of the Parish of Washington, State of Louisiana, for the year ended December 31, 1998, and have issued our report thereon dated March 28, 1999.

We have conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of State and Local Governments." These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

The management of the Mount Herman Water District of the Parish of Washington, State of Louisiana, 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 authorizations 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 and 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 effect of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the component unit financial statements of the Mount Herman Water District of the Parish of Washington, State of Louisiana, for the year ended December 31, 1998, 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 component unit financial statements and not to provide assurance on the internal control structure. Accordingly, we do not express such an opinion.

BRUCE HARRELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

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FAX: (504) 839-5925**MEMBERS**American Institute of CPAs
Society of Louisiana CPAs**INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners
Mount Herman Water District of the
Parish of Washington, State of Louisiana
Washington Parish Police Jury
Franklin, Louisiana

We have audited the accompanying component unit financial statements of the Mount Herman Water District of the Parish of Washington, State of Louisiana, as of December 31, 1996, and for the year then ended. These component unit financial statements are the responsibility of the district's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

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 provisions of OMB Circular A-128, "Audits of State and Local Governments". These standards and OMB Circular A-128 require that we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Mount Herman Water District as of December 31, 1996, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the component unit financial statements taken as a whole. The schedules listed in the table of contents are prepared for purposes of additional analysis and are not a required part of the component unit financial statements of the Mount Herman Water District of the Parish of Washington, State of Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly stated in all material respects in relation to the component unit financial statements taken as a whole.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

Brennand, Louisiana
March 28, 1997

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Board of Commissioners
Missouri-Houma Water District of the
Parish of Washington, State of Louisiana

Page 2

This report is intended solely for the use of management, the Legislative Auditor, and Rural Economic and Community Development/Farm Service Agency. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Missouri-Houma Water District of the Parish of Washington, State of Louisiana, is a matter of public record.



Bruce Harrell and Company, CPAs
A Professional Accounting Corporation

Kennerly, Louisiana
March 18, 1997

MOUNT HERMON WATER DISTRICT
OF THE
PARISH OF WASHINGTON
STATE OF LOUISIANA

WASHINGTON PARISH POLICE JURY
FRANKLINTON, LOUISIANA

Component Unit Financial Statements
As of and for the Year Ended December 31, 1996
With Supplemental Schedules

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MOUNT HERMON WATER DISTRICT
OF THE
PARISH OF WASHINGTON
STATE OF LOUISIANA

WASHINGTON PARISH POLICE JURY
FRANKLINTON, LOUISIANA

Component Unit Financial Statements
As of and for the Year Ended December 31, 2006
With Supplemental Schedules

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Institute of Louisiana CPAs

MANAGEMENT LETTER

March 28, 1987

Board of Commissioners
Mount Hermon Water District
of the Parish of Washington, State of Louisiana
Washington Parish Police Jury
Franklin, Louisiana

We have examined the component and financial statements of the Mount Hermon Water District of the Parish of Washington, State of Louisiana, as of and for the year ended December 31, 1986. In planning and performing our audit, we considered the internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the component and financial statements and not to provide assurance on the internal control structure. However, we noted certain weaknesses in the internal control structure, that, if corrected, could improve the ability of management of the Mount Hermon Water District to record, process, summarize, and report financial data consistent with the assertions of management. The format below lists "Weakness in Internal Controls", and "Current Year Audit Recommendations", followed by "Management Response to Audit Recommendations".

FIDELITY BONDS FOR CONTRACT MANAGER

A. Weakness in Internal Controls & Current Year Recommendations:

We noted that fidelity bonds were furnished by the Mount Hermon Water District, as required by the Rural Economic and Community Development (RECD) office. However, we also noted that subsequent to fiscal year end, the district entered into a management contract for operation and maintenance of the water system, including billing, and collection of customer accounts. We recommend that the district (1) obtain verification that the operator and employees covered under the management contract carry fidelity bond coverage in an amount sufficient to protect the interests of the Mount Hermon Water District, and (2) obtain verification in writing that the interests of the Mount Hermon Water District, in addition to those of the management company, are covered under the fidelity bond.

B. Management Response to Audit Recommendations:

We will obtain the information on fidelity bond coverage to insure that the interests of the water district are properly protected.

It has been our pleasure to perform this financial audit for you. We will be glad to meet with you in trying to provide assistance in implementing the above recommendations.

Respectfully submitted,



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

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AMOUNT HERMON WATER DISTRICT
OF THE
PARISH OF WASHINGTON
STATE OF LOUISIANA

WASHINGTON PARISH POLICE JURY
FRANKLINTON, LOUISIANA

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 1996

Under provisions of state law, this report is a public document. A copy of the report as it is submitted to the auditor, or reviewed, sent and other appropriate public officials. The report is available for public inspection at the State House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Revised Date: MAY 23 1997

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INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

To the Board of Commissioners
Mount Herman Water District of the
Parish of Washington, State of Louisiana
Washington Parish Police Jury
Franklin, Louisiana

We have audited the component unit financial statements of the Mount Herman Water District of the Parish of Washington, State of Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated March 28, 1997. Those component unit financial statements are the responsibility of the Mount Herman Water District of the Parish of Washington, State of Louisiana, management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

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 provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we 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. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the component unit financial statements of the Mount Herman Water District of the Parish of Washington, State of Louisiana, taken as a whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the component unit financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly presented in all material respects in relation to the component unit financial statements taken as a whole.



Bruce Harrell and Company, CPAs
A Professional Accounting Corporation

Monroe, Louisiana

March 28, 1997

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC
REQUIREMENTS APPLICABLE TO MAJOR FEDERAL FINANCIAL
ASSISTANCE PROGRAMS****Board of Commissioners**

Mount Hermon Water District of the

Parish of Washington, State of Louisiana

Washington Parish Police Jury

Franklinton, Louisiana

We have audited the compliance with financial statements of the Mount Hermon Water District of the Parish of Washington, State of Louisiana, as of and for the year ended December 31, 1998, and have issued our report thereon dated March 28, 1999.

We have also audited the Mount Hermon Water District of the Parish of Washington, State of Louisiana's compliance with the requirement governing reporting and bond reserve requirements that is applicable to its major federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance, for the year ended December 31, 1998. The management of the Mount Hermon Water District of the Parish of Washington, State of Louisiana is responsible for the Mount Hermon Water District of the Parish of Washington, State of Louisiana's compliance with these requirements. Our responsibility is to express an opinion on compliance with these requirements based on our audit.

We conducted our audit of compliance with these requirements in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget Circular A-128, "Audit of State and Local Governments." These standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material non-compliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Mount Hermon Water District of the Parish of Washington, State of Louisiana's compliance with these requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed the following immaterial instances of non-compliance with the requirements referred to in the second paragraph above:

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CERTIFIED PUBLIC ACCOUNTANTS
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Board of Commissioners
Mount Hermon Water District of the
Parish of Washington, State of Louisiana
Page 7

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

It was noted that the Mount Hermon Water District has a lack of segregation of duties in its system of internal controls. This deficiency in the internal control structure is caused by the small number of personnel that handle the operations of the district.

A material weakness is a reportable condition in which the design and 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 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.

Our 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, we believe the reportable condition described above is not a material weakness.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of the Mount Hermon Water District, in a separate letter dated March 28, 1993.

This report is intended solely for the information of the management, the Legislative Auditor, and Rural Economic and Community Development/Farm Service Agency. However, this report is a matter of public record and its distribution is not limited.


Bruce Harrell and Company, CPAs
A Professional Accounting Corporation

Kennerwood, Louisiana
March 28, 1993

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Board of Commissioners
Missoula Harbor Water District of the
Parish of Washington, State of Louisiana
Page 3

This report is intended for the information of management, the Legislative Auditor, and Rural Economic and Community Development-Farms Service Agency. However, this report is a matter of public record and its distribution is not limited.



Bruce Harrell and Company, CPAs
A Professional Accounting Corporation

Kenner, Louisiana
March 28, 1987

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE GENERAL
REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

Board of Commissioners
Mount Herman Water District of the
Parish of Washington, State of Louisiana
Washington Parish Police Jury
Franklin, Louisiana

We have audited the component unit financial statements of the Mount Herman Water District of the Parish of Washington, State of Louisiana, as of and for the year ended December 31, 1998, and have issued our report thereon dated March 28, 1999.

We have applied procedures to test the Mount Herman Water District of the Parish of Washington, State of Louisiana's compliance with the following requirements applicable to its federal financial assistance program, which is identified in the Schedule of Federal Financial Assistance, for the year ended December 31, 1998: political activity; Davis-Bacon Act; civil rights; cash management; federal financial reports; or administrative requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Mount Herman Water District of the Parish of Washington, State of Louisiana's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of these procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Mount Herman Water District of the Parish of Washington, State of Louisiana, had not complied, in all material respects, with those requirements.

This report is intended for the information of the management, the Legislative Auditor, and Rural Economic and Community Development/Farm Service Agency. However, this report is a matter of public record and its distribution is not limited.


Bruce Harrell and Company, CPAs
A Professional Accounting Corporation

Kennerly, Louisiana
March 28, 1999

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Board of Commissioners
Mount Hermon Water District of the
Parish of Washington, State of Louisiana
Page 2

FINDING:

With the issuance of the 1996 Revenue Bonds, the Water District contends that they will provide revenues sufficient to pay the necessary expenses of operating and maintaining the system, and to fund all obligations of the district, including required reserves or sinking funds for bonded indebtedness. The district shows a deficit in unaccrued retained earnings of \$18,248) for the fiscal year ending December 31, 1996.

Recommendation:

The deficit in retained earnings is due primarily to the reclassification of unaccrued retained earnings required to segregate deposits for the KROCD Reserve Fund and the RRTD Depreciation and Contingency Fund. However, as the system becomes operational, we recommend that the district monitor the level of revenues and expenses and the adequacy of the asset structure to further reduce the deficit in unaccrued retained earnings.

Management Response:

We will review the level of revenues and expenses, on a monthly basis, in order to reduce the deficit in unaccrued retained earnings.

In our opinion, except for those instances of non-compliance noted above, the Mount Hermon Water District of the Parish of Washington, State of Louisiana, complied, in all material respects, with the requirements governing reporting that is applicable to its major federal financial assistance program for the year ended December 31, 1996.

This report is intended for the information of management, the Legislative Auditor, and Rural Economic and Community Development/Parks Service Agency. However, this report is a matter of public record and its distribution is not limited.


Bruce Harrell and Company, CPAs
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Kennerly, Louisiana
March 28, 1997

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

Board of Commissioners
Mount Hermon Water District of the
Parish of Washington, State of Louisiana,
Washington Parish Police Jury
Franklinston, Louisiana

We have audited the component unit financial statements of the Mount Hermon Water District of the Parish of Washington, State of Louisiana, for the year ended December 31, 1996, and have issued our report thereon dated March 28, 1997.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 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, contracts, and grants applicable to the Mount Hermon Water District of the Parish of Washington, State of Louisiana, is the responsibility of the district's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Mount Hermon Water District of the Parish of Washington, State of Louisiana's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit 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 under *Government Auditing Standards*.

BRUCE HANSELL & CO.
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

Board of Commissioners
Mount Hermon Water District of the
Parish of Washington, State of Louisiana
Washington Parish Police Jury
Franklin, Louisiana

We have audited the component unit financial statements of the Mount Hermon Water District of the Parish of Washington, State of Louisiana, for the year ended December 31, 1996, and have issued our report thereon dated March 28, 1997. We have also audited the compliance of the Mount Hermon Water District of the Parish of Washington, State of Louisiana, with requirements applicable to major federal financial assistance programs and have issued our report thereon dated March 28, 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 Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments". These standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement and whether the Mount Hermon Water District of the Parish of Washington, State of Louisiana, complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audit for the year ended December 31, 1996, we considered the internal control structure of the Mount Hermon Water District of the Parish of Washington, State of Louisiana, in order to determine our auditing procedures for the purpose of expressing our opinions on the component unit financial statements of the Mount Hermon Water District of the Parish of Washington, State of Louisiana, and on the compliance of the Mount Hermon Water District of the Parish of Washington, State of Louisiana, with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the component unit financial statements in a separate report dated March 28, 1997.

The management of the Mount Hermon Water District of the Parish of Washington, State of Louisiana, 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, that transactions are recorded 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, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any system of internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur.

Board of Commissioners
Mount Homer Water District of the
Parish of Washington, State of Louisiana
Page 3

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, we have classified the significant internal control policies and procedures used in administering federal financial assistance programs in the following categories:

- 1) Cash Receipts
- 2) Cash Disbursements

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

During the year ended December 31, 1996, the Mount Homer Water District of the Parish of Washington, State of Louisiana, expended 100% of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by DMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the Mount Homer Water District of the Parish of Washington, State of Louisiana's major federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable 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 noncompliance with laws and regulations that would be material to a federal financial assistance program 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 that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the water district in a separate letter dated March 28, 1997.