

**YARMADD WATERWORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Yarwood, Louisiana**

Schedule 4

**SCHEDULE OF INSURANCE
For the Year Ended December 31, 1996**

Insurance Company	Coverage	Effective Date	Expiration Date
Western Surety Bond # 05218182	Position Fidelity Schedule Bonds, Coverage for 3 Board Members for \$100,000 and \$25,000 for Office Manager and \$25,000 for Clerk	11/16/95 11/16/97	11/16/96 11/16/97
Hartford Insurance Company Policy # 051026984	Boiler & Machinery Policy, Blanket Coverage of \$180,000 for 5 locations, Deductible of \$1,000, Excessing Expenses of \$15,000	03/01/95 03/01/96	03/28/96 03/28/97
Titan Insurance Company Policy # 18-GL-02265	General Liability of \$1,000,000 Combined Single Limit	03/01/95 03/01/96	03/28/96 03/28/97
Titan Insurance Company Policy # 15-PJ-00307	Public Officials Liability Policy Coverage of \$1,000,000 for Any One Claim with a Deductible of \$2,000 for each claimant with a \$1,500 Maximum	03/01/95 03/01/96	03/28/96 03/28/97
Titan Insurance Company Policy # 09-MP-00333-TI	Commercial Property Package \$85,000 Building Limit \$20,000 Personal Property	03/28/95 03/28/96	03/28/96 03/28/97
Titan Indemnity Company Policy # 35-BA-02856	Business Auto \$1,000,000/ \$1,000,000/ \$1,000,000	02/16/95 05/01/96	02/28/96 02/28/97
LA Worker's Compensation Corporation	Worker's Compensation	Paid Quarterly	Paid Quarterly

The accompanying notes are an integral part of this statement.

VARNADO WATERWORKS DISTRICT
 Washington Parish Police Jury
 Varnado, Louisiana

Schedule 5

SCHEDULE OF CHANGES IN ASSETS RESTRICTED FOR
 RURAL ECONOMIC AND COMMUNITY DEVELOPMENT/FARM SERVICE AGENCY
 AND
 SCHEDULE OF WATER CUSTOMERS
 For the Year Ended Year Ended December 31, 1996

	Bond Reserve	Bond Depreciation and Contingency	Total
Cash Balance, January 1, 1996	\$61,210	\$73,369	\$134,579
Cash Receipts:			
Transfers From Operating Account	4,880	4,736	9,616
Interest Earned	1,385	1,680	3,065
Cash Disbursements	-	-	-
Cash Balance, December 31, 1996	<u>\$67,475</u>	<u>\$79,765</u>	<u>\$147,240</u>

SCHEDULE OF WATER CUSTOMERS

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

Water-Residential	1,178
Water-Commercial	6
Water-School	3
Water-Police	<u>1</u>
Total Water Customers	<u>1,188</u>

VARNADO WATERWORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Varnado, Louisiana
Notes to the Financial Statements (Continued)

Because the police jury appoints the governing board and the scope of public services 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 Varnado Waterworks 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 financed 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 by financial or recovered primarily through user charges.

B. 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 at 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. Penalties are recorded after the grace period for payment of water services has expired. 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. Interest expense is recorded each month as the notes are paid.

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.

VARNADO WATERWORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Varnado, Louisiana

Schedule 3

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. 34 of the 1979 Session of the Louisiana Legislature.

<u>NAME</u>	<u>Amount</u>
Homer Seal, President	\$800
T. A. Magee, Commissioner	680
Wayne Seal, Commissioner	650
Fredrick Jefferson, Commissioner	780
Melodyann Peters, Commissioner	650
Berkley Thomas	600
Arvid Williams	658
Arjil Boone	608
Total Compensation Paid	\$8,508

<u>Board of Commissioners</u>	<u>Address</u>	<u>Term of Office</u>
Homer Seal, President	42813 Main St. Angie, LA 70426	01/01/96 to 12/31/2000
T. A. Magee	28511 Windy Ridge Rd. Bogalusa, LA 70427	01/01/96 to 12/31/97
Wayne Seal	61209 Dollar Road Angie, LA 70426	01/01/96 to 12/31/98
Fredrick Jefferson, Vice-Pres.	31118 School Rd. Angie, LA 70426	01/01/96 to 12/31/96
Melodyann Peters	24279 Old Columbia Road Angie, LA 70426	01/01/96 to 12/31/98
Berkley Thomas	28038 Edwards Drive Bogalusa, LA 70427	01/01/96 to 12/31/99
Arvid Williams	63193 Forest Road Angie, LA 70426	01/01/96 to 12/31/99
Arjil Boone	61358 Seal Road Angie, LA 70426	01/01/96 to 12/31/2000

The accompanying notes are an integral part of this statement.

Vermade Waterworks District
Washington Parish Police Jury
Vermade, Louisiana

CONTENTS

	Statement	Schedule	Page
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF COMPONENT UNIT FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS			12
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS			33
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS			34

**YAMALO WATERWORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Yamalo, Louisiana**

*Notes to the Financial Statements
As of and for the Year Ended December 31, 1996*

INTRODUCTION

Yamalo Waterworks District was established in 1935, by an ordinance of the Washington Parish Police Jury. The ordinance, enacted pursuant to Louisiana Revised Statute 23:3813, clarifies and defines the boundaries of the water district, and provides for a 7-member governing board of commissioners appointed by the Washington Parish Police Jury.

Yamalo Waterworks District was then created and constitutes a public corporation and political subdivision of the State of Louisiana, and has all the powers and privileges granted by the constitution and statutes of this state to such subdivisions, including the authority to issue debt, to issue bonds, and to levy taxes and assessments. Yamalo Waterworks District serves 1,186 water customers.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying component unit financial statements of the Yamalo Waterworks 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, 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 material 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 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 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. The criteria include:

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 financially 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.

**VARNAVO WATERWORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Varnavo, Louisiana
Notes to the Financial Statements (Continued)**

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 future economical use are an expense 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 payment, 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. Intangible assets 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 25 to 30 years for water wells and lines and 18 to 25 years for equipment.

J. COMPENSATED ABSENCES

The district does not have a formal policy relating to vacation and sick leave.

K. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the Enterprise Fund.

L. FUND EQUITY

Contributed Capital

Grants, contributions, 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 the portions of the assets acquired from such contributions. This amortization is closed to the contributed capital account.

Reserves

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

**VARNADO WATERWORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Varnado, Louisiana**
Notes to the Financial Statements (Continued)

11. INTERGOVERNMENTAL AGREEMENT

The Varnado Waterworks District entered into a service agreement with the Bogus Lake Water Works District and the Varnado Gas District. The Varnado Waterworks District will perform all necessary functions involving billing of customers, collection of customer's accounts, keeping and furnishing necessary financial information and records on a monthly basis to Bogus Lake Water Works District and Varnado Gas District. The Varnado Waterworks District also performs meter reading for Varnado Gas District. The fee for this service is \$1.75 per customer per month for Bogus Lake Water Works and \$2.35 per customer per month for Varnado Gas District, payable monthly. Varnado Waterworks District will provide all system repair and maintenance customarily done by its own personnel. Accurate hourly records of personnel records involved in repairs shall be kept and Bogus Lake Water Works District and Varnado Gas District will be billed monthly at two times the employee hourly rate. All materials, parts and supplies will be paid directly by the district which incurred the cost. Varnado Waterworks District employees will keep accurate mileage records for the service truck used for maintenance and repairs and will bill the other districts 35 cents per mile for such class on their respective systems. Periodically, an accounting will be made of the costs of the services provided under the agreement. Cash settlements will be made between the districts, so each district pays its portion of the actual work.

MAHADO WATERWORKS DISTRICT
 Washington Parish Police Jury
 Virado, Louisiana

Schedule 2

PROPRIETARY FUND - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
UNRESERVED RETAINED EARNINGS
(BUDGET AND ACTUAL)

For the Year Ended December 31, 1996
 and Actual For the Year Ended December 31, 1995

	Budget	Actual	Variance- Favorable (Unfavorable)	1995 Actual
NON-OPERATING REVENUE (EXPENSES):				
Interest Income	\$15,180	\$18,647	\$2,647	\$27,699
Bond Interest Expense	(62,580)	(65,983)	(3,403)	(60,794)
Gains on Sale of Fixed Assets	-	3,335	3,335	-
Bond Debit	(7,300)	-	7,300	(94,300)
Total Non-Operating Revenue (Expenses)	<u>(54,700)</u>	<u>(52,611)</u>	<u>2,089</u>	<u>(117,385)</u>
Net Income (Loss)	<u>21,808</u>	<u>31,224</u>	<u>9,416</u>	<u>23,635</u>
Unreserved Retained Earnings				
Beginning of Year		498,823		498,154
Add: Amortization of Contributions		47,686		47,686
Less: (Increase) in Reserve for Revenue Bond Retirement		(8,194)		(7,878)
(Increase) in Reserve for Revenue Bond Contingency		<u>(5,416)</u>		<u>(7,454)</u>
Unreserved Retained Earnings, End of Year		<u>\$577,905</u>		<u>\$498,823</u>

(Continued)

**WARREN WATERWORKS DISTRICT
WASHINGTON PARISH POLICE JULY
Warrens, Louisiana
Notes to the Financial Statements (Continued)**

4. RECEIVABLES

The following is a summary of accounts receivable at December 31, 1996:

Current	\$ 24,577
31-60 Days	3,048
61-90 Days	874
Over 90 Days	468
Total	28,967
Less: Allowance for Bad Debts	1,968
Accounts Receivable, Net	\$ 26,999

5. FIXED ASSETS

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

Description	Life Yrs	Cost	Accumulated Depreciation	Net	Depreciation Current
Phase I (1979)					
Old Water System	25	\$ 35,497	\$ 37,449	\$ 36,008	\$ 2,348
Land & Right of Way		5,997	-	5,997	-
Water Distribution System	30	582,589	332,156	277,329	18,868
Water Well	30	67,467	38,186	27,281	2,682
Phase II (1980)					
Water Distribution System	30	111,658	195,968	85,708	3,888
Water Well	30	87,321	48,346	29,475	2,814
Well S&A Pump Station	30	34,318	13,483	20,835	1,344
Phase III (1984)					
Water Distribution System	30	194,613	127,124	167,509	9,811
Water Well	30	187,154	42,864	64,290	3,572
Pump Station Controls	30	148,957	187,508	141,897	8,309
Elevated Storage Tank	30	158,368	183,207	134,562	7,919
Land & Right of Way		13,219	-	13,219	-
Phase IV (1989)					
Land		2,808	-	2,808	-
Water Distribution System	30	897,138	124,288	632,843	28,864
Improvements	Var.	33,468	1,610	36,463	1,832
Office Building Land		10,448	-	10,448	-
Office Building	30	111,846	8,235	103,290	3,762
Office Equipment	5	6,878	2,543	3,823	1,374
Vehicle	5	23,628	3,832	17,698	3,628
Total		\$1,617,636	\$ 1,388,134	\$ 1,339,932	\$ 103,768

**YAMATO WATERWORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Yamato, Louisiana
Notes to the Financial Statements (Continued)**

All assets are depreciated by the straight-line method.

The utility plant and equipment in service records were reconstructed from the original construction files of the U.S. Department of Agriculture, Farmers Home Administration, now known as the Rural Economic and Community Development/Farm Service Agency.

6. CONSTRUCTION IN PROGRESS

As at December 31, 1996, the district had no construction in progress.

7. LONG-TERM DEBT

The following is a summary of bond transactions of the Yamato Waterworks District for the year ended December 31, 1996:

	1977 RECD Utility Revenue	1979 RECD Utility Revenue	1988 RECD Utility Revenue	Total
Bonds Payable January 1, 1996	\$ 270,847	\$ 19,242	\$ 850,657	\$ 1,140,746
Bonds Retired	(23,043)	(3,874)	(11,898)	(38,815)
Bonds Payable December 31, 1996	<u>\$ 247,804</u>	<u>\$ 15,368</u>	<u>\$ 838,759</u>	<u>\$ 1,082,139</u>

Bonds Payable at December 31, 1996, are comprised of the following individual forms:

	Current Amount 12/31/96	Long-Term Amount 12/31/96	Total Principal Balance 12/31/96
1977 Revenue Bonds: \$183,000 utility bonds sold to RECD, dated 1/17/76, due in annual installments of \$5,000 - \$20,000 through November 16, 2017; interest at 3%	\$ 16,800	\$ 264,852	\$ 281,652
1979 Revenue Bonds: \$76,000 utility bonds sold to RECD, dated 1/16/79; due in annual installments of \$2,000 - \$5,000 through November 16, 2017; interest at 3%	5,568	8,788	14,356
1988 Revenue Bonds: \$95,000 utility bonds sold to RECD, dated 3/26/88; due in annual installments of \$4,000 - \$55,000 through June 15, 2028; interest at 5.875%	13,808	834,149	847,957
	<u>\$ 36,176</u>	<u>\$ 847,789</u>	<u>\$ 1,082,139</u>

**YARMAUD WATERWORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Yarwood, Louisiana
Notes to the Financial Statements (Continued)**

The annual requirements to amortize all debt outstanding as of December 31, 1996, including interest payments of \$1,365,383 are as follows:

<u>Year Ending December 31,</u>	<u>1977 RECD Revenues</u>	<u>1979 RECD Revenues</u>	<u>1985 RECD Revenues</u>	<u>Total</u>
1997	\$ 26,986	\$ 6,249	\$ 62,768	\$ 96,003
1998	26,986	6,249	62,768	96,003
1999	26,986	6,249	62,768	96,003
2000	26,986	6,249	62,768	96,003
2001	26,986	6,249	62,768	96,003
2002-2008	134,850	11,938	313,825	460,713
2007-2013	134,850	-	313,825	448,735
2013-2018	134,850	-	313,825	448,735
2017-2021	34,737	-	313,825	328,562
2022-2026	-	-	313,825	313,825
2027-2033	-	-	158,912	158,912
	<u>\$ 364,457</u>	<u>\$ 43,221</u>	<u>\$ 2,839,862</u>	<u>\$ 2,647,542</u>

B. FLOW OF FUNDS, RESTRICTIONS ON USE

The voters of the district approved the issuance of \$185,000, \$76,000, and \$925,000 of the utility revenue bonds in clerical bond January, 1977, November 13, 1978, and April 13, 1988. The governing authority of the district adopted a resolution on October 4, 1997, authorizing issuance of \$795,000 of the water revenue bonds - 1997 Series. On November 18, 1997, the district sold the \$185,000 authorized bonds to Farmers Home Administration now known as Rural Economic and Community Development Farm Service Agency (RECD). The governing authority of the district adopted a resolution on March 29, 1999, authorizing the issuance of \$76,000 of the utility revenue bonds - 1999 Series. On November 16, 1999, the district sold the \$76,000 authorized bonds to RECD, also. The bond issues were issued for forty (40) years, twenty-four (24) years, forty (40) years respectively, payable with interest at the rate of five percent (5%) per annum for the 1977 & 1977 bond issues, and five and seven-eighths percent (5.875%) per annum on the 1988 bond issue. The bonds and any installment may be paid prior to the due date and maturity thereof at a price of par and accrued interest to the date of prepayment. The proceeds of the bonds were restricted to use for construction and improvements to the district's water system and are subject to the provisions of the above adopted resolutions. The 1977 issue of \$185,000, was used to construct Phase I of the district's waterworks system. The 1978 issue of \$76,000 was used to construct Phase II. The 1988 issue of \$925,000 was used to construct Phase IV.

Under the terms of the bond proceeds to the district, the bonds are payable as to principal and interest solely from the income and revenues derived from the operations of the combined water system of the district after provisions have been made for the payment of the reasonable and necessary expenses of administering, operating, and maintaining of the system.

The district is to maintain its water rates at minimum amounts and increase those rates as necessary in accordance with its loan agreements with RECD.

VARNADO WATERWORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Varnado, Louisiana
Notes to the Financial Statements (Continued)

Each month there will be set aside into a fund called "Bond and Interest Sinking (Redemptive) Fund" a sum equal to one-twelfth (1/12) of the next principal payment due, together with each proportionate sum as may be required at the same respectably become due on such date. Money in the Sinking Fund shall be deposited at least funds and shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments. Alternatively, RWCD has set up a payment schedule whereby the district can make payments directly to its office. This eliminates the need of the "Bond and Interest Sinking Fund".

There shall also be set aside into a "Utility System Revenue Bond Reserve Fund" at a rate of \$400 per month, after the construction becomes revenue producing, until there is accumulated therein an amount equal to the highest annual debt service payment in any future year. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund, or to which there would otherwise be default. The district fully funded the Reserve Fund for the year ended December 31, 1996.

Funds will also be set aside into a "Depreciation and Contingency Fund", after completion of the project, at the rate of \$200 per month. Money in this fund will be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition, enhance its revenue producing capacity or provide for a higher degree of service for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for payments in other bond funds. The district fully funded the Depreciation and Contingency Fund for the year ended December 31, 1996.

All the revenues, received in any year and not required to be paid in such year into any of the stated funds, shall be regarded as surplus and may be used for any lawful corporate purpose.

9. FUND EQUITY

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

10. LITIGATION CLAIMS

During the 1993 annual audit, it was discovered that \$24,400 for 1993, and \$42,094 for 1994, of the district's collections, that were received during the year, were never deposited into the bank and are presumed missing. An investigation was conducted to try to determine where the missing funds went. A state grand jury has convicted the contract manager and one of his employees regarding the losses. The district has recognized the losses of \$24,400 for 1993 and \$42,094 for 1994, in its financial statements. The district notified their bonding company of the losses. The insurance company denied the claim for the losses. The district has filed suits against the insurance carrier and the contract manager for recovery of the losses. The district has not received any settlement that may be forthcoming from their bonding company.

VARNADO WATERWORKS DISTRICT
Washington Parish Police Jury
Varnado, Louisiana

Schedule 2

PROPRIETARY FUNDS - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
UNRESERVED RETAINED EARNINGS
(BUDGET AND ACTUAL)

For the Year Ended December 31, 1996
and Actual For the Year Ended December 31, 1995

OPERATING REVENUES	Budget	Actual	Variances-	1995
			(Unfavorable)	
Charges for Services:				
Water Sales	\$308,000	\$296,758	(\$11,242)	\$284,364
Installations	11,000	11,808	-	8,562
Franchise	7,500	7,543	43	7,774
Drilling Fees	60,000	64,514	4,514	62,728
Excavation Fees	1,400	1,719	319	2,078
Other Revenues	1,500	1,978	478	1,773
Total Operating Revenues	389,400	385,310	(4,090)	367,679
OPERATING EXPENSES				
Salaries	89,000	78,978	1,022	76,308
Travel Expenses	1,400	1,367	33	2,336
Office Expenses	8,700	8,755	(55)	13,400
Maintenance Supplies	24,800	23,085	1,715	13,074
Utilities	41,300	48,711	(7,411)	55,419
Plant Maintenance	1,500	1,189	311	-
Repairs and Installations	14,300	16,165	(1,865)	6,634
Director Fees	7,000	6,500	500	5,650
Taxol	3,000	3,440	(440)	3,278
Telephone	3,000	2,650	350	2,790
Insurance	85,000	15,083	69,917	13,253
Accounting Fees	6,000	5,986	14	6,812
Conventions	500	485	15	408
Legal Fees	-	182	(182)	-
Rent Expenses	150	-	150	173
NSF Checks	100	-	100	182
Moving	1,400	1,189	211	1,780
Advertising	2,400	2,483	(83)	13
Merchandise	100	8	92	131
Membership Dues	200	184	16	150
Depreciation Expense	182,900	185,788	(2,888)	182,336
Payroll Taxes	6,800	6,489	311	6,511
Cash Short/(Over)	-	-	-	(485)
Total Operating Expenses	321,350	318,278	3,072	302,650
Net Operating Income	68,050	67,032	1,018	65,029

(Continued on the Following Page)

Vermont Waterworks District
 Washington Street, P.O. Box 100
 Vermont, Louisiana

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 December 31, 1996

Schedule I

Federal Grantor/ Pass-Through Grantor/ Program Title U. S. Department of Agriculture Rural Economic and Community Development/ Farm Service Agency System for Rural Communities	CFDA Number	Pass-Through Grantor's No.	Program Amount	Loan Balance at 12/31/96	Receivables	Equipment	Loan Balance at 12/31/96
	* 11-433	21-095-PT50001001	\$1,265,000	\$1,117,176	\$	\$50,817	\$1,066,359

* Note: The only federal financial assistance the Vermont Waterworks District has in the RRD program, which the district is repaying.

SUPPLEMENTAL INFORMATION

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
Professional Accounting Firm

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MEMBER
American Institute of CPAs
Institute of Louisiana CPAs

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

Board of Commissioners
Vermade Waterworks District
Washington Parish Police Jury
Vermade, Louisiana

We have audited the component unit financial statements of the Vermade Waterworks District, as of and for the year ended December 31, 1996, and have issued our report thereon dated January 23, 1997.

We have applied procedures to test the Vermade Waterworks District'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, 1996: political activity, Davis-Bacon Act, civil rights, cash management, Federal financial reports, Drug-Free Workplace Act, 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 Vermade Waterworks District'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 general paragraphs of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Vermade Waterworks District 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

Kenner, Louisiana
January 26, 1997

VARNADO WATERWORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Varnado, Louisiana
Notes to the Financial Statements (Continued)

2. CASH AND CASH EQUIVALENTS

At December 31, 1996, the district has cash and cash equivalents (book balances) totaling \$346,731, as follows:

Demand Deposits	\$153,077
Interest-bearing Demand Deposits	26,654
Time Deposits	167,000
Total	<u>\$346,731</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the issuing 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. Those 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 December 31, 1996, the district has \$247,324 in deposits (collected bank balances). These deposits are secured from risk by \$113,156 of federal deposit insurance and \$134,168 of pledged securities held by the custodial bank in the name of the fiscal agent bank (Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 38:1229 imposes a statutory requirement on the custodial 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. INVESTMENTS

At December 31, 1996, the district has investments totaling \$486,246 as follows:

	Book Value	Market Value
Government Money Market	\$ 29,888	\$ 29,888
U. S. Treasury Note	277,786	134,896
FHLMC RMBS 1994 Series	188,662	131,283
Total	<u>\$496,336</u>	<u>\$296,067</u>

The investments are in the name of the district and are held in the district's safety deposit box. Because the investments are in the name of the district and are held by the district, the investments are considered internal and registered, Category 1, in applying the credit risk of GASB Codification Section 158.164.

**VARNADO WATERWORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Vernon, Louisiana**

**PROPRIETARY FUNDS - ENTERPRISE FUND
(All Fund Types and Account Groups)**

Statement A

Balance Sheet
(Continued)
December 31, 1998

LIABILITIES AND FUND EQUITY

Liabilities:

Current Liabilities (Payable From Current Assets):

Accounts Payable	\$	3,508
Salor Tax Payable		888
Payroll Taxes Payable		1,296
Revenue Bonds Payable - Current		<u>34,580</u>
Total Current Liabilities (Payable From Current Assets)		<u>40,272</u>

Current Liabilities (Payable From Restricted Assets)

Customer Deposits		<u>20,615</u>
-------------------	--	---------------

Long-Term Liabilities:

Revenue Bonds Payable Long-Term		<u>1,842,722</u>
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Total Liabilities		<u>2,103,609</u>
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Fund Equity:

Memberships		41,580
Contributed Capital		1,428,178
Less Accumulated Amortization		<u>(681,803)</u>
Net Contributed Capital		<u>179,955</u>

Retained Earnings:

Reserved for RECD Bond Interest and Redemption		67,416
Reserved for RECD Bond Depreciation and Contingency		79,785
Unreserved		<u>537,181</u>

Total Retained Earnings		<u>704,382</u>
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Total Fund Equity		<u>1,484,127</u>
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Total Liabilities and Fund Equity	\$	<u>2,384,332</u>
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(Continued)

The accompanying notes are an integral part of this statement.

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

Board of Commissioners
Yazoo Water Works District
Page 3

This report is intended for the information of 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

Monroe, Louisiana
January 26, 1997

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

Board of Commissioners

Vernado Waterworks District

Washington Parish Police Jury

Vernado, Louisiana

We have audited the respondent unit financial statements of the Vernado Waterworks District, as of and for the year ended December 31, 1996, and have issued our report thereon dated January 29, 1997.

We have also audited the Vernado Waterworks District's compliance with the requirement governing reporting and fund 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, 1996. The management of the Vernado Waterworks District, is responsible for the Vernado Waterworks District's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those 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, "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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Vernado Waterworks District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures did not disclose any immaterial instances of noncompliance with the requirements referred to above.

In our opinion, the Vernado Waterworks District, complied, in all material respects, with the requirement 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/Plans 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

January 29, 1997

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INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

To the Board of Commissioners
Vermade Waterworks District
Washington Parish Police Jury
Vermade, Louisiana

We have audited the component unit financial statements of the Vermade Waterworks District, as of and for the year ended December 31, 1990, and have issued our report thereon dated January 29, 1992. These component unit financial statements are the responsibility of the Vermade Waterworks District, 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-133, "Audit 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. 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 Vermade Waterworks District, 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

Baton Rouge, Louisiana
January 29, 1992

BRUCE HARRELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Accounting Corporation

Board of Commissioners

Vermont Waterworks District

Page 2

Findings:

During the performance of the cash disbursements compliance test, we were not able to reconcile petty cash receipts with checks written to reimburse the petty cash fund. During the year, there were 12 checks written to reimburse petty cash in the amount of \$500, but we found only \$275 in receipts to document these expenses.

Auditor's Recommendation:

We recommend that all receipts for petty cash reimbursements be kept in the petty cash expense folder. This will insure that proper documentation of all expenses paid from petty cash can be reconciled in the future.

Management's Response:

Management will keep track of all receipts for petty cash in the petty cash folder.

We also noted that due to the limited number of personnel, a proper segregation of duties is not feasible.

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 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 none of the reportable conditions described above is a material weakness.

This report is intended solely for the information of the management, the Legislative Auditor, and Rural Economic and Community Development/Plans 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

Kentwood, Louisiana

January 25, 1997

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**INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE
USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

Board of Commissioners

Vermade Waterworks District

Washington Parish Police Jury

Vermade, Louisiana

We have audited the component unit financial statements of the Vermade Waterworks District, for the year ended December 31, 1996, and have issued our report thereon dated January 29, 1997. We have also audited the compliance of the Vermade Waterworks District, with requirements applicable to major federal financial assistance programs and have issued our report thereon dated January 29, 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, "Audit 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 and whether the Vermade Waterworks District, 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 Vermade Waterworks District, in order to determine our auditing procedures for the purpose of expressing our opinions on the component unit financial statements of the Vermade Waterworks District, and on the compliance of the Vermade Waterworks District, 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 January 29, 1997.

The management of the Vermade 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, 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, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance 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.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Vermade Waterworks District
Washington Parish Police Jury
Vermade, Louisiana

We have audited the accompanying component unit financial statements of the Vermade Waterworks District 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-133, "Standards of State and Local Governments". Those 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. 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 Vermade Waterworks District, as of December 31, 1996, 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 presented for the purposes of additional analysis and are not a required part of the component unit financial statements of the Vermade Waterworks District. 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

Kennerly, Louisiana

January 29, 1997

BRUCE HARRELL & CO.

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

Board of Commissioners

Vernado Waterworks District

Washington Parish Police Jury

Vernado, Louisiana

We have audited the component unit financial statements of the Vernado Waterworks District for the year ended December 31, 1998, and have issued our report thereon dated January 20, 1999.

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". These 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 Vernado Waterworks District 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 Vernado Waterworks District'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.

This report is intended solely for the use of management, the Legislative Auditor, and Rural Economic and Community Development/Parks Service Agency. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Vernado Water Works District, is a matter of public record.



Bruce Harrell and Company, CPAs
A Professional Accounting Corporation

Kennerwood, Louisiana

January 20, 1999

VARNADO WATERWORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Varnado, Louisiana

Statement A

PROPRIETARY FUND - ENTERPRISE FUND
(All Fund Types and Account Groups)

Balance Sheet
December 31, 1998

ASSETS

Current Assets:

Cash	\$	314,177
Investments at Cost		280,000
Accounts Receivable		26,971
Due From Other Governments		<u>3,150</u>
Total Current Assets		<u>613,208</u>

Restricted Assets:

Customer Deposits - Cash		28,680
Bond Reserve Account - Cash		7,271
Investment		80,143
Depreciation and Contingency Account - Cash		4,603
Investment		<u>28,332</u>
Total Restricted Assets		<u>148,829</u>

Property, Plant and Equipment:

Land		21,262
Utility Plant, in Service		<u>2,985,134</u>
Total Property, Plant and Equipment		3,006,396
Less: Accumulated Depreciation		<u>(1,288,134)</u>
Net Property, Plant and Equipment		<u>1,718,262</u>
Total Assets	\$	<u><u>1,934,983</u></u>

(Continued on the following Page)

Board of Commissioners
Vernado Water Works District
Page 2

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 Vernado Waterworks District, expended 100% of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB 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 Vernado Waterworks District'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.

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 adversely affect the Vernado Waterworks District's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

Controls over cash receipts and disbursements of the Vernado Waterworks District are inadequate because of lack of segregation of duties due to limited personnel.

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.

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 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 none of the reportable conditions described above is a material weakness.

**VARNADO WATERWORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Varnado, Louisiana**

PROPRIETARY FUND - ENTERPRISE FUND

Statement B

Statement of Revenues, Expenses, and
Change in Unreserved Retained Earnings
For the Year Ended December 31, 1994

OPERATING REVENUES

Charges for Services:

Water Sales	\$ 286,758
Installations	11,080
Fees/Chgs	7,343
Billing Fees	64,914
Accountant Fees	1,778
Other Revenues	1,578
	1,578

Total Operating Revenues

303,169

OPERATING EXPENSES

Salaries	18,990
Truck Expenses	1,487
Office Expenses	8,756
Maintenance Supplies	21,003
Utilities	40,713
Pipe Maintenance	1,099
Repairs and Installations	18,368
Director Fees	6,500
Travel	3,440
Telephone	2,655
Insurance	15,085
Accounting Fees	5,986
Training	486
Legal Fees	102
Mowing	1,189
Advertising	2,425
Miscellaneous	8
Membership Dues	164
Depreciation Expense	100,358
Payroll Taxes	6,499
Cash Short/(Over)	-
	-

Total Operating Expenses

318,218

Net Operating Income

-4,049

(Continued on the Following Page)

VARIANO WATERWORKS DISTRICT
 WASHINGTON PARISH POLICE JURY
 Variano, Louisiana

Statement B

PROPRIETARY FUND - ENTERPRISE FUND

Statement of Revenues, Expenses, and
 Changes in Unreserved Retained Earnings
 (Continued)
 For the Year Ended December 31, 1996

NON-OPERATING REVENUE (EXPENSES):

Interest Income	\$ 38,847
Bond Interest Expense	(65,983)
Gain on Sale of Fixed Asset	3,135
Bad Debt	-
	<hr/>
Total Non-Operating Revenue (Expense)	(23,601)
	<hr/>
Net Income (Loss)	31,234
Unreserved Retained Earnings, Beginning of Year	498,883
Add: Amortization of Contributions	47,686
Less: (Increase) in Reserve for Revenue Bond Refinancing	15,190
(Increase) in Reserve for Revenue Bond Contingency	15,413
	<hr/>
Unreserved Retained Earnings, End of Year	\$ 557,000
	<hr/>

The accompanying notes are an integral part of this statement.

**VARNADO WATERWORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Varnado, Louisiana**

Statement C

PROPRIETARY FUND - ENTERPRISE FUND

**Statement of Cash Flows
For the Year Ended December 31, 1996**

Cash flows from operating activities:		
Operating Income		\$ 64,885
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	\$ 2,000,788	
Bad Debt Expense	-	
Changes in Accounts Receivable	682	
Changes in Due From Other Governments	(3,449)	
Changes in Accounts Payable and Accrued Expenses	(937)	
Changes in Current Liabilities Payable from Restricted Assets	<u>990</u>	
Total adjustments		<u>181,059</u>
Net cash provided by operating activities		185,944
Cash flows from capital and related financing activities:		
Refundation of Revenue Bonds	(18,017)	
Interest	(65,985)	
Sale of Fixed Asset	3,335	
Gain of Asset Sold	4,855	
Capital Additions	<u>(18,119)</u>	
Net cash used by capital and related financing activities		(141,849)
Cash flows from investing activities:		
Interest Income	28,947	
Investment Payments	<u>(161,821)</u>	
Net cash provided by investing activities		<u>(132,874)</u>
Net cash increase (decrease) for year		(56,879)
Cash at beginning of year		<u>455,818</u>
Cash at end of year		<u>\$ 398,939</u>

The accompanying notes are an integral part of this statement.

**Vermade Waterworks District
Washington Parish Police Jury
Vernon, Louisiana**

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

CONTENTS

	Statement	Schedule	Page
INDEPENDENT AUDITORS REPORT			4
INDEPENDENT AUDITORS REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE			5
COMPONENT UNIT FINANCIAL STATEMENTS:			
PROPRIETARY FUND - INTERFUND FUND:			
BALANCE SHEET (All Fund Types and Account Groups)	A		6
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN UNRESERVED RETAINED EARNINGS	B		8
STATEMENT OF CASH FLOWS	C		10
NOTES TO THE FINANCIAL STATEMENTS			10
SUPPLEMENTARY INFORMATION:			
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE	1		21
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN UNRESERVED RETAINED EARNINGS (BUDGET AND ACTUAL)	2		22
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS	3		24
SCHEDULE OF INSURANCE	4		25
SCHEDULE OF CHANGES IN ASSETS RESTRICTED FOR RURAL DEVELOPMENT AND COMMUNITY DEVELOPMENT/FARM SERVICE AGENCY AND SCHEDULE OF WATER CUSTOMERS	5		26
INDEPENDENT AUDITORS REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF COMPONENT UNIT FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS			27
INDEPENDENT AUDITORS REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS			29

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MEMBER
American Institute of CPAs
Society of Louisiana CPAs

**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

Varadero Waterworks District
Washington Parish Police Jury
Varadero, Louisiana

We have audited the component unit financial statements of the Varadero Waterworks District, for the year ended December 31, 1996, and have issued our report thereon dated January 28, 1997.

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-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.

The management of the Varadero 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 reported 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 effectiveness 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 Varadero Waterworks District, for the year ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit financial statements and not to provide assurance on the internal control structure. Accordingly, we do not express such an opinion.

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 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.

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VARNADO WATERWORKS DISTRICT
WASHINGTON PARISH POLICE JURY
VARNADO, LOUISIANA

ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 1986

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the auditor, or reviewer, and to other appropriate public officials. This report is available for public inspection at the District Office of the District Auditor and, where appropriate, at the office of the parish clerk of court.

Original Date... 4-2-87