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BOCKE LISA WATER WORKS DISTRICT

WASHINGTON PARISH POLICE JURY
BOCALISSA, LOUISIANA

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 1998

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the auditor, or reviewed, and any other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: 4-2-99

**BOGUE LISA WATER WORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Bogalusa, Louisiana**

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

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BOUCALIEUX WATER WORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Bogalusa, Louisiana

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Bogus Lusa Water Works District
Washington Parish Police Jury
Doyline, Louisiana

We have audited the accompanying component unit financial statements of the Bogus Lusa Water Works 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-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 Bogus Lusa Water Works 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 purposes of additional analysis and are not a required part of the component unit financial statements of the Bogus Lusa Water Works 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

Kennewick, Louisiana
January 29, 1997

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INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

To the Board of Commissioners
Bogus Lake Water Works District
Washington Parish Police Jury
Bogalusa, Louisiana

We have audited the component unit financial statements of the Bogus Lake Water Works District, as of and for the year ended December 31, 1996, and have issued our report thereon dated January 29, 1997. These component unit financial statements are the responsibility of the Bogus Lake Water Works 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-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 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 Bogus Lake Water Works 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 Barrell and Company, CPAs
A Professional Accounting Corporation

Hammond, Louisiana

January 28, 1997

BOGUE LISA WATER WORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Bogalusa, Louisiana

Statement A

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

Balance Sheet
December 31, 1996

ASSETS

Current Assets:

Cash	\$ 89,180
Accounts Receivable	20,000
Accrued Billings	<u>20,903</u>
Total Current Assets	<u>130,083</u>

Restricted Assets:

Cash - Customer Deposits	5,000
Cash - Bond Reserve Account	179,058
Cash - Depreciation and Contingency Account	<u>77,886</u>
Total Restricted Assets	<u>261,944</u>

Property, Plant and Equipment:

Land	10,000
Utility Plant, in Service	<u>1,803,719</u>
Total Property, Plant and Equipment	1,813,719
Less: Accumulated Depreciation	<u>(834,800)</u>
Net Property, Plant and Equipment	<u>978,919</u>
Total Assets	<u>\$ 1,521,187</u>

(Continued on the following Page)

**BOQUE LISA WATER WORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Bogalusa, Louisiana**

Statement A

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

**Balance Sheet
(Continued)
December 31, 1994**

LIABILITIES AND FUND EQUITY

Liabilities:

Current Liabilities (Payable From Current Assets):

Accounts Payable	\$	7,700
Sales Tax Payable		862
Revenue Bonds Payable - Current		<u>53,800</u>
Total Current Liabilities (Payable From Current Assets)		<u>62,362</u>

Current Liabilities (Payable From Restricted Assets)

Customer Deposits		<u>13,780</u>
-------------------	--	---------------

Long-Term Liabilities:

Revenue Bonds Payable Long-Term		<u>1,060,000</u>
---------------------------------	--	------------------

Total Liabilities		<u>1,080,158</u>
--------------------------	--	------------------

Fund Equity:

Contributed Capital		121,911
Less Accumulated Amortization		<u>(43,262)</u>
Net Contributed Capital		<u>78,649</u>

Retained Earnings:

Reserved for RECD Bond Interest and Redemption		119,908
Reserved for RECD Bond Depreciation and Contingency		77,886
Unrecovered		<u>(32,081)</u>

Total Retained Earnings		<u>165,713</u>
--------------------------------	--	----------------

Total Fund Equity		<u>244,362</u>
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Total Liabilities and Fund Equity	\$	<u>1,321,187</u>
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(Continued)

The accompanying notes are an integral part of this statement.

**BOGUE LISA WATER WORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Bogalusa, Louisiana**

Statement B

PROPRIETARY FUND - ENTERPRISE FUND

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

OPERATING REVENUES

Charges for Services:

Water Sales	\$ 263,204
Installations	8,050
Fees/Chgs	3,130
Revenue Fees	1,020
Other Revenues	357
	<u>275,761</u>

Total Operating Revenues

275,761

OPERATING EXPENSES

Contract Operations & Maintenance	20,349
Contract Motor Roaders	9,770
Contract Labor	14,421
Truck Expense	2,289
Utilities	23,040
Plant Maintenance	796
Repairs and Installations	3,608
Director Fees	3,248
Maintenance Supplies	12,518
Telephone	1,342
Insurance	6,717
Accounting Fees	6,208
Office Expense	6,020
NSF Checks	28
Moving	608
Bank Charges	-
Miscellaneous	441
Membership Dues	138
Cash Short/(Over)	-
Depreciation Expense	60,828
	<u>180,858</u>

Total Operating Expenses

180,858

Net Operating Income

95,903

(Continued on the following Page)

BOGUE LUISA WATER WORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Bogalusa, 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 REVENUES (EXPENSES):

Interest Income	\$ 10,157
Bond Interest Expense	(71,643)
Bid Dues	-
	<u> </u>
Total Non-Operating Revenue (Expense)	<u>60,889</u>
Net Income	34,856
Unreserved Retained Earnings (Deficit), Beginning of Year	(49,886)
Add: Amortization of Contributions	4,109
Less: (Increase) in Reserve for Revenue Bond Retirement	(11,711)
(Increase) in Reserve for Revenue Bond Contingency	<u>6,432</u>
Unreserved Retained Earnings (Deficit), End of Year	\$ <u>(13,882)</u>

(Continued)

The accompanying notes are an integral part of this statement.

**BOGUE LUISA WATER WORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Bogalusa, 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		\$ 93,724
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	\$ 68,029	
Changes in accounts receivable	(2,089)	
Changes in accrued billings	3,652	
Changes in accounts payable and accrued expenses	(430)	
Changes in current liabilities payable from restricted assets	<u>(189)</u>	
Total adjustments		<u>68,983</u>
Net cash provided by operating activities		156,687
Cash flows from capital and related financing activities:		
Retirement of Resource Bonds	(53,400)	
Interest	<u>(71,845)</u>	
Net cash used by capital and related financing activities		(124,945)
Cash flows from investing activities:		
Interest Income	<u>18,757</u>	
Net cash provided by investing activities		<u>18,757</u>
Net cash increase for year		43,717
Cash at beginning of year		<u>203,837</u>
Cash at end of year		<u>\$ 247,554</u>

The accompanying notes are an integral part of this statement.

**BOGUE LUSA WATER WORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Bogalusa, Louisiana**

*Notes to the Financial Statements
As of and for the Year Ended December 31, 1986*

INTRODUCTION

Bogue Lusa Water Works District was established July 31, 1969, by an ordinance of the Washington Parish Police Jury. The ordinance, created pursuant to Louisiana Revised Statutes 13:1813, describes and defines the boundaries of the water district, and provides for a 3-member governing board of commissioners appointed by the Washington Parish Police Jury.

Bogue Lusa Water Works District was first 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 issue debt, to issue bonds, and to levy taxes and assessments.

Bogue Lusa Water Works District serves 1,258 water customers. The district does not have any employees, since the district contracts all of the billings and maintenance to outside contractors.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying component unit financial statements of the Bogue Lusa Water Works 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 nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board 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. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are financially dependent on the police jury.

**BOQUIX LISA WATER WORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Bogalusa, Louisiana
Notes to the Financial Statements (Continued)**

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 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 Boguix Lisa Water Works 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.

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 operations of the 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. 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.

**BOGUS LOUIS WATER WORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Bogalusa, 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 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 resources 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 25 to 30 years for water wells and lines and 10 to 15 years for equipment.

J. COMPENSATED AGENCIES

The district does not have a 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, endowments, 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 cash donations. This amortization is closed to the contributed capital account.

Reserves

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

BOGIE LUSA WATER WORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Hopkins, Louisiana
Notes to the Financial Statements (Continued)

2. CASH AND CASH EQUIVALENTS

At December 31, 1996, the district has cash and cash equivalents (bank balances) totaling \$300,714, as follows:

Demand Deposits	\$ 74,399
Interest-bearing Demand Deposits	30,864
Time Deposits	195,451
Total	<u>\$300,714</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the Federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1996, the district has \$181,500 in deposits (pledged bank balances). These deposits are covered from risk by \$136,357 of federal deposit insurance and \$126,843 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 no investments.

4. RECEIVABLES

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

Current	\$ 17,611
31-60 Days	2,185
61-90 Days	370
Over 90 Days	184
Total	<u>20,350</u>
Less: Allowance for Bad Debt	-
Accounts Receivable, Net	<u>\$ 20,350</u>

BOGIE LOUISA WATER WORKS DISTRICT
WASHINGTON PARISH POLICE JURY
 Bogalusa, Louisiana
 Notes to the Financial Statements (Continued)

8. FIXED ASSETS

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

Description	Life Yrs.	Cost	Accumulated Depreciation	Net	Depreciation Current
Phase I (1977)					
Land & Right of Way		\$ 1,800	\$ -	\$ 1,800	\$ -
Water Well	30	61,479	39,949	21,530	2,848
Water Distribution System	30	442,486	288,151	154,335	14,752
Water Booster	30	30,171	19,871	10,300	1,819
Fencing	15	1,680	1,680	-	-
Phase II (1971)					
Land & Right of Way		2,800	-	2,800	-
Water Distribution System	30	521,998	198,344	323,654	10,710
Water Well	30	67,156	40,426	26,730	2,085
Water Booster	30	27,700	17,081	10,619	813
Fencing	15	2,999	2,999	-	-
Phase III (1982)					
Land & Right of Way		1,800	-	1,800	-
Water Distribution System	30	180,813	71,004	109,809	6,800
Water Well	30	137,668	55,348	82,320	4,589
Highway 21 Reloc. (1984)	30	130,210	46,851	83,359	4,342
Building	30	2,349	1,809	1,540	62
Phase IV (1992)					
Water Distribution System	30	298,763	24,856	273,907	9,979
Office Equipment	10	1,034	1,034	-	-
Improvements	30	101,214	11,870	89,344	3,346
Totals		\$1,813,746	\$ 374,805	\$ 1,438,941	\$ 60,029

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, Farm-to-House Administration, now known as the Rural Economic and Community Development/Farm Service Agency.

6. CONSTRUCTION IN PROGRESS

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

**BOQUE LISA WATER WORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Bogalusa, Louisiana
Notes to the Financial Statements (Continued)**

7. LONG-TERM DEBT

The following is a summary of bond transactions of the Boque Lisa Water Works District for the year ended December 31, 1998:

	1976 RECD Utility Revenues	1977 RECD Utility Revenues	1981 RECD Utility Revenues	1994 RECD Utility Revenues	Total
Bonds Payable January 1, 1998	\$ 323,811	\$ 382,681	\$ 135,369	\$ 284,548	\$ 1,126,409
Bonds Retired	(38,717)	(8,784)	(21,492)	(3,489)	(72,482)
Bonds Payable December 31, 1998	<u>\$ 285,094</u>	<u>\$ 273,897</u>	<u>\$ 113,877</u>	<u>\$ 281,059</u>	<u>\$ 1,058,905</u>

Bonds Payable at December 31, 1998, are comprised of the following individual issues:

	Current Amount 12/31/98	Long-Term Amount 12/31/98	Total Principal Balance 12/31/98
1976 Revenue Bonds:			
\$248,000 utility bonds sold to RECD, dated 4/28/76; due in annual installments of \$4,000 - \$30,000 through April 28, 2013; interest at 5%	\$ 16,080	\$ 351,094	\$ 368,084
1977 Revenue Bonds:			
\$428,000 utility bonds sold to RECD, dated 9/28/77; due in annual installments of \$4,000 - \$28,000 through Sept. 28, 2013; interest at 5%	11,308	282,677	293,977
1981 Revenue Bonds:			
\$380,000 utility bonds sold to RECD, dated 6/27/83; due in annual installments of \$1,800 - \$12,000 through September 28, 2003; interest at 9.125%	23,800	88,877	112,677
1994 Revenue Bonds:			
\$290,000 utility bonds sold to RECD, dated 6/28/93; due in monthly installments of \$1,542 through April 8, 2001; interest at 5.625%	2,700	278,357	281,057
	<u>\$ 33,888</u>	<u>\$ 1,080,081</u>	<u>\$ 1,113,969</u>

**BOGEY LISA WATER WORKS DISTRICT
WASHINGTON PARISH POLICE JURY**

Bogalusa, Louisiana

Notes to the Financial Statements (Continued)

The annual requirements to amortize all debt outstanding as of December 31, 1998, including interest payments of \$442,721 are as follows:

Year Ending December 31,	1976 RECD Revenue	1977 RECD Revenue	1980 RECD Revenue	1983 RECD Revenue	Total
1997	\$ 24,312	\$ 28,084	\$ 35,484	\$ 18,204	\$ 114,584
1998	24,312	28,084	35,484	18,204	114,584
1999	24,312	28,084	35,484	18,204	114,584
2000	24,312	28,084	28,813	18,204	105,633
2001	24,312	28,084	-	18,204	79,000
2002-2006	172,568	130,000	-	92,528	395,190
2007-2011	172,568	130,000	-	92,528	395,190
2012-2016	11,504	51,888	-	92,528	158,912
2017-2021	-	-	-	92,528	92,528
2022-2026	-	-	-	92,528	92,528
2027-2031	-	-	-	88,184	88,184
	<u>\$ 328,084</u>	<u>\$ 441,948</u>	<u>\$ 133,985</u>	<u>\$ 482,304</u>	<u>\$ 1,389,201</u>

A. FLOW OF FUNDS, RESTRICTIONS ON USE

The voters of the Bogey Lisa Waterworks District approved the issuance of \$140,000 and \$420,000 of the utility revenue bonds in elections held November 20, 1970, and March 3, 1971. The governing authority of the district adopted a resolution on February 25, 1976, authorizing issuance of \$540,000 of the utility revenue bonds - 1976 Series. On April 26, 1976, the district sold the \$540,000 authorized bonds to RECD. The governing authority of the district adopted a resolution on July 26, 1977, authorizing issuance of \$420,000 of the utility revenue bonds - 1977 Series. On September 28, 1977, the district sold the \$420,000 authorized bonds to RECD, also. Both bond issues were issued for forty (40) years payable with interest at the rate of five percent (5%) per annum. 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 payment. 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 resolution. The 1976 issue of \$540,000 was used to construct Phase I of the district's waterworks system. The 1977 issue of \$420,000 was used to construct Phase II.

On September 20, 1982, the governing authority, after following the prescribed legal requirements, passed a resolution to issue \$210,000 of revenue bonds for the purpose of extending and improving the existing waterworks system. On June 27, 1983, \$105,000 of the bonds were sold to RECD under the same basic terms and conditions mentioned above for the 1978 and 1977 issues. The bonds were issued at par for 40 years with interest at 11.625%. During the year ended December 31, 1989, RECD reduced the interest rate of the bonds from 11.625% to 9.125%. The reduced rate was amortized back to the inception of the bonds. The loan adjustment applied \$14,983 more to principal reduction in the year 1989 than was actually paid. Total payments for 1989 on this 1983 issue were \$23,484. As a result of this rate reduction, the principal balance was reduced \$20,387. Interest expense was reduced by 304,993 in the year 1989.

**BOGUE LISA WATER WORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Bogalusa, Louisiana
Notes to the Financial Statements (Continued)**

On July 9, 1993, the governing authority, after following the prescribed legal requirements, passed a resolution to issue \$290,000 of revenue bonds for the purpose of extending and improving the existing water works system. On March 8, 1993, \$290,000 of the bonds were sold to RECID under the same basic terms and conditions as the original 1976 and 1978 issues. The bonds were issued at par for 40 years with interest at 5.625%.

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 operation of the combined water system of the district after provision has been made for payment of the measurable and necessary expense of administering, operating, and maintaining of the system.

The district is to maintain its water rates at minimum amounts and increase these rates as necessary in accordance with its loan agreements with Rural Economic and Community Development/Turn Service Agency. Each month there will be set aside into a fund called "Bond and Interest Sinking (Contingency) Fund" a sum equal to one-twelfth (1/12) of the amount due on the next interest payment due and, in addition, a sum equal to one-twelfth (1/12) of the next principal payment due, together with such project issue sum as may be required at the same respectively become due on each date. Money in the Sinking Fund shall be deposited as trust funds and shall be fully sufficient to secure the prompt payment of principal and interest installments as they become due, and may be used only for such payments. Alternately, RECID 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" a sum equal to five percent (5%) of the monthly bond payment 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 has made all of the required "Bond Reserve" payments.

Funds will also be set into a "Depreciation and Contingency Fund" at the rate of \$500 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 has made all of the required "Depreciation and Contingency Fund" payments.

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

The district made all the required "Revenue Bond Reserve" deposits during 1996.

8. FUND EQUITY

Reserved Retained Earnings is created in conjunction with the issuance of revenue bonds and is funded by transfers from the revenue accounts, 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.

BOQUE LUISA WATER WORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Bogalusa, Louisiana
Notes to the Financial Statements (Continued)

10. LITIGATION CLAIMS

During the 1993 annual audit, it was discovered that \$18,800 for 1993, and \$9,431 for 1994, of the district's collections, that were accrued during the year, were never deposited into the bank and are presently 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 \$18,800 for 1993 and \$9,431 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 recorded any settlement that may be forthcoming from their bonding company.

11. DEFICIT UNRESERVED RETAINED EARNINGS

The water district has an unreserved retained earnings deficit of \$31,852. During the current year, the water district's deficit unreserved retained earnings decreased by \$ 17,708. The water district had profits over the past several years and will continue to monitor its revenues and expenses in order to reduce its unreserved retained earnings.

12. WATER SYSTEM MANAGEMENT

The water district is operated under a management contract with the Varadero Waterworks District to handle the daily operations of the water district.

SUPPLEMENTAL INFORMATION

BOGIE LENA WATER WORKS DISTRICT
WASHINGTON PARISH POLICE JURY
 Bogalusa, Louisiana

Schedule 1

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 December 31, 1965

Federal Director/Pass-Through Orignal Program Title	CFDA Number	Pass-Through Contract No.	Program Amount	Loan Balance 8/13/66	Receipts	Disbursements	Loan Balance 8/13/66
U. S. Department of Agriculture Rural Economic and Community Development-Rural Service Agency System for Rural Communities	* 16-418	22-424-07328-07423	\$1,550,000	1,118,467	\$	\$	1,059,805

* Note: The only federal financial assistance the Bogie Lena Waterworks District has is the RECD loans, which the district is repaying.

**BOGIE LISA WATER WORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Bogalusa, 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, 1995
and Actual For the Year Ended December 31, 1995

OPERATING REVENUES	Budget	Actual	Variance- Favorable (Unfavorable)	1995 Actual
Charges for Services:				
Water Sales	\$ 204,000	\$ 263,214	\$ (4,786)	\$ 261,991
Installations	8,000	8,050	(50)	6,380
Permits	3,100	3,133	33	3,029
Reconnect Fees	1,300	1,630	330	2,237
Other Revenues	500	357	143	417
Total Operating Revenues	217,900	276,384	(9,416)	275,064
OPERATING EXPENSES				
Contract Operations & Maintenance	35,300	36,349	(249)	48,489
Contract Motor Repairs	9,800	9,770	30	-
Contract Labor	15,500	14,421	1,079	-
Truck Expense	3,500	2,789	511	1,735
Utilities	29,000	29,000	-	16,310
Plant Maintenance	1,000	796	204	10,773
Repairs and Installations	5,000	5,608	(608)	9,559
Director Fees	2,200	2,200	-	1,870
Maintenance Supplies	15,200	13,318	1,882	5,494
Telephone	1,700	1,743	(43)	1,478
Insurance	7,500	6,723	777	6,303
Accounting Fees	6,800	6,200	518	5,182
Office Expense	7,000	6,123	877	3,726
NSF Checks	700	28	672	(45)
Moving	500	600	(100)	480
Bank Charges	-	-	-	3
Miscellaneous	200	441	24	731
Membership Dues	200	150	50	150
Cash Short/Over	100	-	100	6
Depreciation Expense	68,000	60,022	7,978	58,847
Total Operating Expenses	234,900	189,860	6,040	172,520
Net Operating Income	55,180	85,724	874	102,544

(Continued on the following Page)

**BOQUE LUSA WATER WORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Bogalusa, Louisiana**

Schedule 2

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

(Continued)

For the Year Ended December 31, 1998
and Actual For the Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>1999 Actual</u>
NON-OPERATING REVENUE (EXPENSES):				
Interest Income	\$ 70,500	\$ 16,257	\$ 257	\$ 9,045
Bond Interest Expense	(69,000)	(71,645)	(2,645)	(59,300)
Bud Deficit	<u>15,180</u>	<u>-</u>	<u>5,180</u>	<u>(1,850)</u>
Total Non-Operating Revenue (Expense)	<u>(83,620)</u>	<u>(55,388)</u>	<u>2,712</u>	<u>(51,855)</u>
Net Income (Loss)	<u>\$ 31,200</u>	<u>\$4,834</u>	<u>\$ 3,336</u>	<u>\$1,564</u>
Unreserved Retained Earnings (Deficit), Beginning of Year		(43,880)		(43,300)
Add: Amortization of Contributions		4,189		4,189
Less: (Increase) in Reserve for Revenue Bond Retirement		(11,711)		(11,123)
(Increase) in Reserve for Revenue Bond Contingency		<u>(9,404)</u>		<u>(9,041)</u>
Unreserved Retained Earnings (Deficit), End of Year		<u>\$ (32,083)</u>		<u>\$ (49,881)</u>

(Concluded)

**BOGUE LUSA WATER WORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Bogalusa, 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. 54 of the 1979 Session of the Louisiana Legislature.

NAME	Amount
Melvin Martin, President	3908
Howard Stewart, Secretary	448
Melvin Fuller, Vice-President	488
Jim Willie, Commissioner	408
Fran Slaughter, Commissioner	528
Total Compensation Paid	\$2,240

Board of Commissioners	Address	Term of Office
Melvin Martin, President	3635 S. Columbia Rd. Bogalusa, LA 70427	01/01/96 to 12/31/99
Howard Stewart	11175 Pine Ridge Rd. Bogalusa, LA 70427	06/01/96 to 12/01/98
Melvin Fuller	13265 Hwy 21-S Bogalusa, LA 70427	06/01/96 to 12/31/97
Jim Willie	29081 LA Hwy 1074 Bogalusa, LA 70427	01/01/96 to 12/31/96
Fran Slaughter	58438 Hwy-60 Bogalusa, LA 70427	01/01/96 to 12/31/2000

The accompanying notes are an integral part of this statement.

**BOOIE LISA WATER WORKS DISTRICT
WASHINGTON PARISH JURY
Expenses, Continues**

Schedule 4

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

Insurance Company	Coverage	Effective Date	Expiration Date
Western Surety Bond # 08274193	Position Fidelity Schedule Bonds, Coverage as follows: President: \$100,000 Secretary/Treasurer \$100,000 Contract Manager: \$20,000	3/06/95 7/06/95	7/06/96 7/06/97
Fidelity Insurance Company Policy # 9514343-15	Boiler & Machinery Policy, Blanket Coverage of \$100,000 for 6 locations, Deductible of \$1,000	9/11/95 9/11/96	5/11/96 5/11/97
Titan Indemnity Company Policy # 90-HP-01710	Public Official's Liability, \$500,000 Maximum per Claim per Year, Deductible of \$2,500 Each Claimant	10/16/95 10/16/96	10/16/96 10/16/97
Titan Indemnity Company Policy # 90-HP-01710	General Liability of \$500,000 Combined Single Limit	10/16/95 10/16/96	10/16/96 10/16/97

The district does not carry workmen's compensation insurance or fire and extended coverage insurance. The District is of the opinion that the management contract with the Vernade Waterworks District indemnifies them against workmen's compensation claims through the contract manager's policies. See Footnote 12. The district is of the opinion that the district's limited exposure does not justify carrying insurance for fire and extended coverage.

See footnotes 10 and 11, page 19. The district filed a claim with Western Surety for losses incurred under its "contract manager" coverage. The insurance company has denied the claim. The district has filed suit against the insurance company and contractor to recover its losses.

The accompanying notes are an integral part of this statement.

**BOGIE LUSA WATER WORKS DISTRICT
WASHINGTON PARISH POLICE JURY
Bogalusa, 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, 1995**

	Bond Errors	Bond Depreciation and Contingency	Total
Cash Balance, January 1, 1995	\$ 181,847	\$ 68,271	\$ 250,118
Cash Receipts:			
Transfers From Operating Account	6,808	6,808	13,616
Interest Earned	3,711	3,435	7,146
Cash Disbursements:	-	-	-
Cash Balance, December 31, 1995	\$ 192,366	\$ 78,514	\$ 270,880

SCHEDULE OF WATER CUSTOMERS

As of December 31, 1995, the district had the following number of customers.

Water-Residential	1,248
Water-Commercial	9
Water-Trailer Court	1
Total Water Customers	1,258

The accompanying notes are an integral part of this statement.

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

Board of Commissioners
Bogus Lake Water Works District
Washington Parish Police Jury
Bogalusa, Louisiana

We have audited the component unit financial statements of the Bogus Lake Water Works District, for the year ended December 31, 1996, and have issued our report thereon dated January 29, 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-133, "Standards 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 Bogus Lake Water Works District, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors and irregularities may nevertheless occur and not be detected. Also, projections of any evaluation of the structure in 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 Bogus Lake Water Works 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.

Due to the limited number of personnel, a proper segregation of duties is not feasible.

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
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Board of Commissioners
Bogalusa Water Works District
Page 3

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/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
January 28, 1997

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**INDEPENDENT AUDITORS REPORT ON INTERNAL CONTROL STRUCTURE
USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

Board of Commissioners

Bogus Linn Water Works District

Washington Parish Police Jury

Bogalusa, Louisiana

We have audited the component unit financial statements of the Bogus Linn Water Works 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 Bogus Linn Water Works 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 Accounting 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". 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 Bogus Linn Water Works District, complied with laws and regulations, non-compliance 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 Bogus Linn Water Works District, in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit financial statements of the Bogus Linn Water Works District, and on the compliance of the Bogus Linn Water Works 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 Bogus Linn Water Works 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 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. Presence of inherent limitations in any system of internal control structure, errors, irregularities, or instances of non-compliance may nevertheless occur and not be detected. Also, preparation 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.

Board of Commissioners
Bogus Linn Water Works District
Page 3

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 Bogus Linn Water Works District, expended 100% of its total federal financial assistance under major federal financial assistance programs.

We performed test of controls, as required by DMB Circular A-133, 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 Bogus Linn Water Works 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 considered 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 Bogus Linn Water Works District's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

Controls over cash receipts and disbursements of the Bogus Linn Water Works District are inadequate because of lack of aggregation 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.

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CERTIFIED PUBLIC ACCOUNTANTS
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Board of Commissioners
Bogot Lake Water Works District
Page 3

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
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Kennerwood, Louisiana
January 28, 1997

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

Board of Commissioners
Bogus Lake Water Works District
Washington Parish Police Jury
Bogalusa, Louisiana

We have audited the component unit financial statements of the Bogus Lake Water Works District for the year ended December 31, 1998, and have issued our report thereon dated January 28, 1999.

We conducted our audit in accordance with generally accepted auditing standards and Government Accounting Standards, issued by the Comptroller General of the United States and the provisions of 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 the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Bogus Lake Water Works 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 Bogus Lake Water Works 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 non-compliance that are required to be reported under Government Accounting Standards.

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



Bruce Harrell and Company, CPAs
A Professional Accounting Corporation

Kennerwood, Louisiana
January 28, 1999

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

Board of Commissioners
Bogus Lusa Water Works District
Washington Parish Police Jury
Bogalusa, Louisiana

We have audited the component unit financial statements of the Bogus Lusa Water Works 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 Bogus Lusa Water Works District's compliance with the requirements governing reporting and fund source 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 Bogus Lusa Water Works District, is responsible for the Bogus Lusa Water Works District's compliance with these requirements. Our responsibility is to report 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 noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Bogus Lusa Water Works District's compliance with these 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 Bogus Lusa Water Works 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

Baton Rouge, Louisiana
January 29, 1997

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

Board of Commissioners

Bogus Lake Water Works District
Washington Parish Police Jury
Bogalusa, Louisiana

We have audited the compliance and financial statements of the Bogus Lake Water Works District, as of and for the year ended December 31, 1995, and have issued our report thereon dated January 28, 1997.

We have applied procedures to test the Bogus Lake Water Works 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, 1995: 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 Bogus Lake Water Works 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 second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Bogus Lake Water Works 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

Baton Rouge, Louisiana
January 28, 1997