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LAFAYETTE PARISH WATERWORKS  
DISTRICT NORTH  
Lafayette, Louisiana

Financial Report

Year Ended December 31, 1957

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

Release Date Jan 13 1958

**KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC**  
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The Board of Commissioners  
Lafayette Parish Waterworks District North  
Lafayette, Louisiana

We have completed our audit of the general purpose financial statements of Lafayette Parish Waterworks District North (the District) as of and for the year ended December 31, 1997, and submit the following suggestion for your information and consideration in improving the efficiency and effectiveness of the operations of the District.

Certain invoices and documentation supporting transactions recorded on the general ledger were not readily available for examination. Centralized filing and record retention procedures would allow for timely review of supporting documents.

We would like to express our appreciation to you and your office staff for the courtesy and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing our recommendations, please feel free to contact us.

*Kolder, Champagne, Slaven & Rainey, LLC*  
Certified Public Accountants

Lafayette, Louisiana  
May 1, 1998

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**INDEPENDENT ACCOUNTANTS' REPORT**

The Board of Commissioners  
Lafayette Parish Waterworks District North  
Lafayette, Louisiana

We have audited the accompanying general purpose financial statements of Lafayette Parish Waterworks District North (District), a component unit of Lafayette Parish Consolidated Government, as of and for the year ended December 31, 1997. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material aspects, the financial position of Lafayette Parish Waterworks District North, as of December 31, 1997, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with government auditing standards, we have also issued a report dated May 1, 1998, on our examination of the District's internal control over financial reporting and our tests on its compliance with certain laws, regulations, contracts and grants.

CPA  
KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC  
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Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the Lafayette Parish Waterworks District North taken as a whole. The accompanying financial information listed as "Supplementary Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of Lafayette Parish Waterworks District North. Such information, except for the portion marked "Unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to such general purpose financial statements taken as a whole.

*Kohler, Champagne, Slaver & Rainey, LLC*  
Certified Public Accountants

Lafayette, Louisiana  
May 1, 2008

## GENERAL PURPOSE FINANCIAL STATEMENTS

LAFOURTIE PARISH WATERWORKS DISTRICT BOARD  
Lafayette, Louisiana  
Proprietary Fund Type-Enterprise Fund  
UTILITY FUND

BALANCE SHEET  
December 31, 2007

ASSETS

Current assets:	
Cash	\$ 24,800
Investments	80,867
Due from City of Lafayette	76,400
Prepaid insurance	<u>1,230</u>
Total current assets	<u>183,297</u>
Restricted cash and investments:	
Cash	100,000
Investments	<u>150,550</u>
Total restricted assets	<u>250,550</u>
Property, plant and equipment, net of accumulated depreciation	
	<u>6,882,807</u>
Total assets	<u>\$3,316,654</u>

LIABILITIES AND FUND EQUITY

Liabilities:	
Current liabilities - payable from current assets	
Interest construction financing	\$1,400,000
Accounts payable	108,480
Membership deposits	90,210
Accrued interest payable	<u>74,827</u>
Total current liabilities	<u>1,673,517</u>
Current liabilities - payable from restricted assets	
Revenue bonds payable	<u>80,000</u>
Long-term liabilities -	
Revenue bonds payable	<u>1,500,000</u>
Total liabilities	<u>3,153,517</u>
Fund equity:	
Contributed capital	70,000
Retained earnings, unreserved	<u>814,827</u>
Total fund equity	<u>884,827</u>
Total liabilities and fund equity	<u>\$3,338,344</u>

The accompanying notes are an integral part of this statement.

LAUFAYETTE PARISH WATERWORKS DISTRICT NORTH  
 Lafayette, Louisiana  
 Proprietary Fund Type-Enterprise Fund  
 Utility Fund

Statement of Revenues, Expenses and  
 Changes in Retained Earnings  
 Year Ended December 31, 1997

Operating revenues:	
Charges for services -	
Water sales and fees	\$1,520,328
Operating expenses:	
Cost of water sold	881,873
Professional fees	38,704
Depreciation expense	88,228
Director fees	3,345
Insurance expenses	2,601
Repairs and maintenance	3,810
Office expenses & supplies	2,318
Total operating expenses	<u>1,019,879</u>
Net Operating Income	<u>500,449</u>
Nonoperating revenues (expenses):	
Interest and investment income	14,483
Interest expense	(129,400)
Miscellaneous	<u>37,182</u>
Total nonoperating operations	<u>(119,135)</u>
Net Income	<u>381,314</u>
Retained earnings, beginning, as previously reported	809,709
Prior period adjustments	<u>133,648</u>
Retained earnings, beginning, as restated	<u>943,357</u>
Retained earnings, ending	\$ 1,324,671

The accompanying notes are an integral part of this statement.

LAFAYETTE PARISH WATERWORKS DISTRICT BOARD  
Lafayette, Louisiana  
Proprietary Fund Type-Enterprise Fund  
Utility Fund

Statement of Cash Flows  
Year Ended December 31, 1999

<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>	
Net Income	\$ 100,489
Adjustments to reconcile operating income to net cash provided by operations:	
Depreciation	98,326
Decrease in due from City of Lafayette	1,048
Increase in accounts payable	78,788
Increase in prepaid insurance	(321)
Increase in accrued interest payable	38,469
Decrease in other assets	<u>2,582</u>
Net cash provided by operations	328,723
<b>CASH FLOW FROM CAPITAL AND FINANCING ACTIVITIES:</b>	
Receipts from interin construction financing	1,325,000
Principal paid on bonds	(29,481)
Interest paid on bonds	(122,028)
Depreciation and construction of capital assets	(1,712,812)
Increase in membership deposits	18,918
Other receipts	<u>27,128</u>
Net cash flow for capital activities	<u>(103,365)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>	
Interest received on cash and investments	14,800
Acquisition of investments	<u>(25,024)</u>
Net cash flow investing activities	79,776
Net change in cash	325,904
Cash and cash equivalents, beginning of period	<u>80,121</u>
Cash and cash equivalents, end of period	\$ 324,771

Continued

LAFAYETTE PARISH WATERBURY DISTRICT BOARD  
Lafayette, Louisiana  
Proprietary Fund Type-Enterprise Fund  
Utility Fund

Statement of Cash Flows (Continued)  
Year Ended December 31, 1987

Reconciliation of cash and cash equivalents per	
statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash - unrestricted	\$ 28,874
Cash - restricted	<u>61,587</u>
Total cash and cash equivalents	<u>\$ 90,461</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	24,808
Cash - restricted	<u>108,963</u>
Total cash and cash equivalents	<u>\$ 133,771</u>
Net increase	\$ 43,310
	*****

The accompanying notes are an integral part of this statement.

LAFAYETTE PARISH WATERWORKS DISTRICT NORTH  
Lafayette, Louisiana

Notes to Financial Statements

12) Summary of Significant Accounting Policies

The Lafayette Parish Waterworks District North (the District), which is a component unit of Lafayette Parish Consolidated Government, was created under the provisions of Louisiana Revised Statutes 18:1811, for the purpose of providing potable drinking water to the rural areas of Lafayette Parish. The District is governed by a board of commissioners composed of ten members appointed by Lafayette Parish Consolidated Government.

The accounting and reporting policies of the District conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the industry audit guide, Audit of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. Proprietary Reporting Entity

This report is comprised of a proprietary fund that is administered by the District's board of commissioners and controlled by the Lafayette Parish Consolidated Government. The accompanying financial statements present information only on the proprietary fund maintained by the District and do not present information on the Lafayette Parish Consolidated Government and the general governmental services provided by that governmental unit.

B. Fund Accounting

The accounts of the District are organized on the basis of a proprietary fund, of which there exists only an enterprise fund. Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

LAKEVIEW WATER SERVICES DISTRICT WATER  
INFRASTRUCTURE, LOUISIANA

Notes to Financial Statements (Continued)

The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with its activity are included on the balance sheet.

Depreciation of all substantial fixed assets used by the proprietary fund is charged as an expense against the operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Utility system and improvements	16-40 years
Furniture, fixtures and equipment	10 years

**3. Basis of Accounting**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The proprietary fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Debited utility service receivables, resulting from utility services rendered between the date of meter reading and billing and the end of the month, are not recorded due to immateriality at December 31, 1997.

**4. Interest-bearing Deposits**

Interest-bearing deposits are stated at cost, which approximates market. All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the date of purchase, they have a maturity date no longer than three months.

**5. Investments**

Under state law, the District may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. Investments are stated at cost, which is not materially different from market value.

LAZYVETTE PARISH WATERWORKS DISTRICT BOND  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

9. Capitalization of Interest Expense

It is the policy of the Lafayette Parish Waterworks District Board to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. At December 31, 1997, interest costs capitalized amounted to \$28,722.

10. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriate for expenditure or legally separated for a specific future use.

11) Cash and Interest-Bearing Deposits

Under state law, the District may deposit funds within a fiscal agent bank approved under the laws of the State of Louisiana, the law of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 1997, the District had cash and interest-bearing deposits (bank balances) totaling \$134,771 as follows:

	<u>1997</u>
Demand deposits	\$104,387
Time deposits and money market accounts	<u>30,384</u>
Total	\$134,771
	*****

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 bank. 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. Deposit balances (bank balances) at December 31, 1997 to the amount of \$134,000 were fully secured by federal deposit insurance.

**LAFAYETTE PARISH WATERWORKS DISTRICT MONTHLY**  
**Lafayette, Louisiana**

Notes to Financial Statements (Continued)

40) RESTRICTED ASSETS - PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at December 31:

	1987
Revenue bond and interest sinking account	\$113,088
Revenue bond reserve account	108,719
Revenue bond contingency account	79,088
Customers' deposits	17,147
Capital improvements	11,138
 Total restricted assets	 \$348,821  

44) Investments

The District can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law. The District's investments are categorized to give an indication of the level of risk assumed by it at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments with securities held by the county's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments with securities held by the county's trust department or agent, but not in the District's name.

The carrying amounts and approximate market values of investments are summarized as follows:

Description	Interest		December 31, 1987	
	Rate	Maturity	Carrying Amount	Approximate Fair Value
PRR Discount Note	4.25	1	\$ 70,000	\$ 70,000
U. S. Treasury Note	4.375	3	500,000	501,471
U. S. Treasury Note	8.0	2	28,817	28,818
U. S. Treasury Note	8.0	1	21,000	21,000
			\$78,817	\$78,874

LAFAYETTE PARISH METROPOLITAN DISTRICT NORTH  
Bossierite, Louisiana

Notes to Financial Statements (Continued)

95 Fixed Assets

A summary of proprietary fixed type property, plant and equipment at December 31, follows:

	1987
Land	\$ 31,988
Furniture, fixtures and equipment	8,487
Water system	3,843,742
Construction in progress	1,618,178
Total	5,502,495
Less: Accumulated depreciation	(182,822)
Net utility fixed property, plant and equipment	\$4,890,673

Depreciation expense for the year ended December 31, 1987 totaled \$28,228.

Construction in progress is comprised of improvements in the water distribution system which are scheduled for completion in early 1988. Construction is funded through interim financing obtained from a local financial institution and the issuance of revenue bonds upon completion of the project.

96 Long-Term Debt

The following is a summary of debt transactions of the District for the year ended December 31, 1987:

	Utility Revenue Bonds
	1987
Long-term debt payable at January 1, 1987	\$2,356,488
Long-term debt issued	-
Long-term debt retired	(21,854)
Long-term debt payable at December 31, 1987	\$2,334,634

**LAFAYETTE PARISH WATERWORKS DISTRICT NORTH**  
**Lafayette, Louisiana**

**Notes to Financial Statements (Continued)**

Long-term debt payable at December 31, 1997, is composed of the following individual issues:

Utility Revenue bonds:

\$1,500,000 Revenue Bonds, Series 1998, due in annual installments of \$81,800 through October 27, 2008; interest at 7.5 percent	\$ 281,100
2000,000 Revenue Bonds, Series 1999, due in annual installments of \$68,800 through October 27, 2009; interest at 7.500 percent	897,800
2000,000 Revenue Bonds, Series 1999, due in annual installments of \$60,618 through October 27, 2009; interest at 8.625 percent	<u>817,500</u>
	\$2,718,400
	*****

The annual requirements to amortize all debts outstanding at December 31, 1997, including interest payments of \$4,810,898 are as follows:

<u>December 31,</u>	<u>Utility Revenue Bonds</u>
1998	\$ 281,400
1999	211,400
2000	211,400
2001	211,400
2002	211,400
2003-2007	1,897,818
2008-2012	1,897,818
2013-2017	1,897,818
2018-2022	1,897,818
2023-2027	1,897,818
2028-2033	<u>802,618</u>
	\$4,817,400
	*****

17) **Flow of Funds, RESTRICTIONS ON USE - Utility Revenue**

Under the terms of the respective bond indentures on the utility revenue bonds, all income and revenues (hereinafter referred to as "revenue") of every nature, earned or derived from operations of the Water Utility System are pledged and dedicated to the retirement of said bonds and are to be set aside

LAFAYETTE PARISH WATERWORKS DISTRICT NORTH  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

into the following special funds. Each month there will be set aside into a "Waterworks Revenue Bond and Interest Sinking Fund" an amount sufficient to accumulate the amount needed to assure the prompt payment of the principal and interest installments as they become due, and may be used only for such payment.

There shall also be set aside into a "Waterworks Reserve Fund" a monthly amount equal to 1 percent of the amount to be paid into the sinking fund until the sum of \$300,000 has been accumulated.

Funds will also be set aside into a "Waterworks Depreciation and Contingency Fund" of \$1,000 per month. Monies in this fund shall be used to pay the major repairs due to damage caused by unforeseen catastrophes and replacements made necessary by the depreciation of the system.

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

The Lafayette Parish Waterworks District North was in compliance with all significant limitations and restrictions in the bond indenture at December 31, 1987.

18) Contingencies

Litigation -

At December 31, 1987, the District was the plaintiff in a lawsuit arising in the normal course of operations. The defendant in the lawsuit has made a formal demand for damages. The District's legal counsel and management of the District has reviewed the claim in order to evaluate the likelihood of an unfavorable outcome to the District and arrive at an estimate, if any, of the amount or range of potential loss to the District. The amount or range of potential loss, if any is currently undetermined.

Unasserted claim -

Demand has been made upon the District by the company contracted to build a water distribution system extension for alleged contractual and state law violations. The District's legal counsel has advised that the potential liability of the District, if any, is unknown.

LAFAYETTE PARISH WATERWORKS DISTRICT BOARD  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(1) Prior Period Adjustments

Errors, resulting in the understatement of receivables and the overstatement of contributed capital in the District's previously issued financial statements, have been corrected in the current year. This resulted in the following changes in retained earnings:

As previously reported, December 31, 1996	\$658,522
Adjustments:	
Understatement of receivables	27,540
Improper reporting of connection fees as contributed capital	120,200 <u>147,740</u>
As restated, December 31, 1996	\$775,802

(2) Compensation of Board Members

A detail of compensation paid to the President of the Board and board members for the year ended December 31, 1997 follows:

Jack Montcourt, President	\$ 800
Board members:	
W. G. Broadward	250
Larry Ficks	200
Wesley Brummond	50
James Hilliard	400
Johnny Forejam	400
Claude Anderson	300
Joseph Walker	400
John Richard	318
James Penhiser	112 <u>112</u>
	\$1,540

#### **SUPPLEMENTARY INFORMATION**

# KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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## Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards  
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The Board of Commissioners  
Lafayette Parish Waterworks District North  
Lafayette, Louisiana

We have audited the general purpose financial statements of Lafayette Parish Waterworks District North, (the District) as of and for the year ended June 30, 1997, and have issued our report thereon dated May 1, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs in Part II, Item 1.

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

We also noted another matter involving the internal control over financial reporting that we have reported to the management of the District in a separate letter dated May 1, 2008.

This report is intended for the information of the District. However, this report is a matter of public record and its distribution is not limited.

*Keller, Champagne, Slava & Rainey, LLC*  
Certified Public Accountants

Shreveport, Louisiana  
May 1, 2008

# KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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## Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

The Board of Commissioners  
Lafayette Parish Waterworks District North  
Lafayette, Louisiana

### Compliance

We have audited the compliance of Lafayette Parish Waterworks District North (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance requirements that are applicable to its major federal program for the year ended December 31, 1997. The District's major federal program is identified in the accompanying schedule of expenditures of federal awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audit of States, Local Governments and Non-Profit Organizations. These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with these requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with these requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1997.

OMB Circular A-133  
Appendix A  
Section 319.106-6  
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### Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with GAO Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the District. However, this report is a matter of public record and its distribution is not limited.

*Keller, Champagne, Mason & Rainey, LLC*  
Certified Public Accountants

Lafayette, Louisiana  
May 1, 2008

LAFAYETTE PARISH PARISHOARD DISTRICT NORTH  
Lafayette, Louisiana

Schedule of Expenditures of Federal Awards  
Year ended December 31, 1987

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
United States Department of Agriculture * Rural Development *	16-618	\$2,728,887

\* Indicates a major Federal financial assistance program.

LAFAYETTE PARISH WATERWORKS DISTRICT NORTH  
LAFAYETTE, LOUISIANA

Notes to Schedule of Expenditures of Federal Awards  
Year Ended December 31, 1997

(1) General

The accompanying schedule of Expenditures of Federal Awards presents the activity of all Federal financial assistance programs of Lafayette Parish Waterworks District North (the District). All Federal financial assistance received directly from Federal agencies is included on the schedule as well as Federal financial assistance passed through other government agencies.

(2) Basis of Accounting

The accompanying schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 3 to the District's general purpose financial statements for the year ended December 31, 1997. The Federal program presented consists only of loans and loan guarantees which are non-cash awards and is valued at the outstanding loan balance.

LAFAYETTE PARISH MEMBERSHIP DISTRICT BOARD  
Lafayette, Louisiana

Schedule of Findings and Questioned Costs  
Year Ended December 31, 1997

Part I. Opinion of Auditor's Finding:

1. An unqualified report was issued on the financial statements.
2. A reportable condition in internal control was disclosed by the audit of the financial statements. The reportable condition was not considered to be a material weakness.
3. There were no material instances of noncompliance.
4. No reportable conditions in internal control over the major program were disclosed by the audit of the financial statements.
5. An unqualified opinion was issued on compliance for the major program.
6. The audit disclosed no audit findings required to be reported under Section 518(a) of Circular A-133.
7. The major program was:  
U. S. Department of Agriculture/Rural Development
8. The dollar threshold used to distinguish between Type A and Type B programs, as described in Section 518(b) of Circular A-133 was \$100,000.
9. The auditee did qualify as a low-risk auditee under Section 438 of Circular A-133.

Part II. Findings which are required to be reported in accordance with generally accepted governmental auditing standards:

Internal Control and Compliance-

1. The District did not maintain and periodically reconcile membership deposit subsidiary records to the general ledger.

Part III. Findings and questioned costs for Federal grants which include audit findings as defined in Section 518(a) of Circular A-133:

There are no findings that are required to be reported under the above guidance.

LAFAYETTE SERIES ENTERPRISES CONTRACT NORTH  
Lafayette, Louisiana

Summary Schedule of Prior Audit Findings  
Year Ended December 31, 1977

There were no prior audit findings requiring follow-up.

LACROSSE PARISH WATERWORKS DISTRICT NORTH  
Lafayette, Louisiana

Corrective Action Plan  
Year Ended December 31, 1997

Schedule of Findings and Questioned Costs - FYC II, Finding #1:

The District is currently formulating procedures providing for the reconciliation of membership deposit subsidiary records to the general ledger.

Management Letter - Finding #2

The District will institute procedures allowing for centralized record keeping and improved filing and file retention.

LAFAYETTE PARISH WATERWORKS DISTRICT NORTH  
Lafayette, Louisiana  
Municipal Fund  
Utility Fund

Schedule of Number of Utility Customers  
(Audited)  
December 31, 1997

Records maintained by Lafayette Parish Waterworks District North indicated the following number of customers were being serviced during the month of December, 1997:

Water Served	3,814
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LAFAYETTE BASIN WATERWORKS DISTRICT NORTH  
Lafayette, Louisiana

Schedule of Insurance in Force  
(Reaudited)  
December 31, 1987

<u>Description of Coverage</u>	<u>COYLINE Security</u>
Surety bonds -	
Fiducian bonds:	
Secretary/Treasurer	\$ 404,000
Administrative consultant	404,000
General Liability -	
Aggregate per occurrence	1,000,000
Fire damage	100,000
Medical expense	5,000