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**SEWERAGE DISTRICT NO. 1 OF RAPIDES PARISH
RAPIDES PARISH POLICE JURY
Alexandria, Louisiana**

**Financial Statements
With Independent Auditor's Reports
As of and for the Year Ended December 31, 1997,
With Supplemental Information Schedules**

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.

AUG 6 1998

Release Date _____

Ernst & Young
Certified Public Accountants

**SEWERAGE DISTRICT NO. 1 OF RAPIDES PARISH
RAPIDES PARISH POLICE JURY
Alexandria, Louisiana**

Financial Statements,
With Independent Auditor's Reports,
As of and for the Year Ended December 31, 1997,
With Supplemental Information Schedules.

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HEBBIE W. WAY
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INDEPENDENT AUDITOR'S REPORT

BOARD OF COMMISSIONERS
SEWERAGE DISTRICT NO. 1 OF RAPIDES PARISH
RAPIDES PARISH POLICE JURY
Alexandria, Louisiana

I have audited the accompanying financial statements of Sewerage District No. 1 of Rapides Parish, a component unit of the Rapides Parish Police Jury, as of and for the year ended December 31, 1997, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the district. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and generally accepted governmental auditing standards contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sewerage District No. 1 of Rapides Parish at December 31, 1997, and the results of operations and cash flows for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated July 10, 1998, on my consideration of the internal control over financial reporting and my tests of compliance with certain provisions of laws, regulations, contracts, and grants.

SEWERAGE DISTRICT NO. 1 OF RAPIDES PARISH
RAPIDES PARISH POLICE JURY
Auditor's Report (Continued)

My audit was made for the purpose of forming an opinion on the financial statements. The accompanying supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements of Sewerage District No. 1 of Rapides Parish. Such information has been subjected to the procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Berrie M. Ray

Berrie M. Ray
Alexandria, Louisiana
July 18, 1968

UNIVERSITY DISTRICT NO. 1 OF RAPIDES PARISH
 PARISH POLICE POLICE JURY
 MONROE, LOUISIANA
 ALL FUND TYPES AND ACCOUNT GROUPS

Unaudited Balance Sheet, December 31, 1997

	GOVERNMENTAL FUND TYPE - 0037 STATE FUNDS	PROPRIETARY FUND TYPE - 0040 OPERATING FUNDS	TOTAL (PROPRIETARY ONLY)
ASSETS			
Cash and cash equivalents	128,799	568,177	696,976
Receivables:			
Accounts Debt		13,000	13,000
Special Assessments	88,048	3,499	91,547
Interfund		88,887	88,887
Fixed assets (net)		1,911,321	1,911,321
TOTAL ASSETS	216,847	12,584,876	12,801,723
LIABILITIES AND FUND EQUITY			
Liabilities:			
Interfund payable	599,857		599,857
Deposits payable		15,488	15,488
Deferred revenues		3,516	3,516
Total Liabilities	599,857	19,014	618,871
Fund Equity:			
Contributed capital		1,113,478	1,113,478
Retained earnings		1,461,251	1,461,251
Fund Balance - Unreserved - undesignated	51,889		51,889
Total Fund Equity	51,889	2,574,729	2,626,618
TOTAL LIABILITIES AND FUND EQUITY	1,151,746	12,584,876	13,736,622

The accompanying notes are an integral part of this statement.

Statement 1

COVERAGE DISTRICT NO. 1 OF BAPTIST UNION
 BAPTIST UNION PUBLIC JURY
 Alexandria, Louisiana
 GOVERNMENTAL FUND TYPE - DEBT SERVICE FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Year Ended December 31, 1997

REVENUES	
DETAILED BY	
Special assessments, penalties, and interest	\$4,700
EXPENDITURES	600
DETAILED BY	
EXCESS OF REVENUES OVER EXPENDITURES	4,100
FUND BALANCES AT BEGINNING OF YEAR	47,787
FUND BALANCES AT END OF YEAR	\$51,887

The accompanying notes are an integral part of this statement.

WARDEN DISTRICT NO. 1 OF RAPIDS PARISH
 RAPIDS PARISH POLICE JURY
 Alexandria, Louisiana
 FUND (PLAN) FUND TYPE - ENTERPRISE FUND

Statement of Revenues, Expenses, and Changes in Retained Earnings
 for the Year Ended December 31, 1987

OPERATING REVENUES

Sewerage service and fee fees 1176,632

EXPENSES

Public works - sanitation - sewerage collection
 and disposal:

Contract:

Personal service - per diem	4,198
Operating services	143,967
Material and supplies	2,422
Depreciation	78,387

Total operating expenses 228,974

OPERATING INCOME (Loss) (152,342)

NONOPERATING REVENUES

Interest earnings	79,629
Special assessments and interest	11,268

Total nonoperating revenues 90,897

NET INCOME (Loss) (61,445)

ADD DEPRECIATION BY FUND ASSETS

ACQUIRED WITH CONTRIBUTED CAPITAL	56,816
-----------------------------------	--------

RETAINED EARNINGS AT BEGINNING OF YEAR 1,431,322

RETAINED EARNINGS AT END OF YEAR \$1,461,293

The accompanying notes are an integral part of this statement.

OURAGE DISTRICT NO. 1 OF WIPAC PARISH
 WIPAC PARISH POLICE JURY
 ACCOUNTS, LOCATION
 FUND(IAL) FUND TYPE - ENTERPRISE FUND

Statement of Cash Flows
 for the Year Ended December 31, 1997

Cash Flows from operating activities:	
Cash from operating revenues	114,000
Cash for operating expenses	(95,117)
Net cash provided (required) by operating activities	18,883
Cash flows from noncapital financing activities - special assessments and interest	5,218
Cash flows from investing activities - interest on investments	25,452
Net increase (decrease) in cash and equivalents	49,553
Cash and equivalents, at beginning of year	109,498
Cash and equivalents, at end of year	159,051
Reconciliation of operating income (loss) to net cash provided (required) by operating activities	
Operating income (loss)	(58,544)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	70,387
Change in assets and liabilities:	
(Increase)/decrease in receivables	(4,458)
(Increase)/decrease in deferred revenues	5,518
Total adjustments	71,487
Net cash provided (required) by operating activities	118,993

The accompanying notes are an integral part of this statement.

**SEWERAGE DISTRICT NO. 1 OF RAPIDES PARISH
RAPIDES PARISH POLICE JURY
Alexandria, Louisiana**

Notes to the Financial Statements
As of and for the Year Ended December 31, 1993

INTRODUCTION

Sewerage District No. 1 of Rapides Parish was created by the Rapides Parish Police Jury under the authority of Louisiana Revised Statutes 33:3881. The sewerage district is governed by a three-member board appointed by the police jury. The sewerage district maintains and operates the sewerage system within the boundaries of the district. At December 31, 1993, the district has approximately 858 customers.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Rapides Parish Police Jury is the financial reporting entity for Rapides 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 the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 34 established criteria for determining which component units should be considered part of the Rapides 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. These criteria include:

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

SEWERAGE DISTRICT NO. 1 OF RAPIDES PARISH
RAPIDES PARISH POLICE JURY
Alexandria, Louisiana
Notes to the Financial Statements (Continued)

1. 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 has the ability to impose its will on the district and there exists the potential for the district to provide specific financial benefits to or impose specific financial burdens on the police jury, the district was determined to be a component unit of the Rapides Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government service provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The district is organized and operated on a fund basis whereby a self-balancing set of accounts is maintained that comprises its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the financial statements are described as follows:

DEBT SERVICE FUNDS

The debt service funds account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs of sewerage certificates.

ENTERPRISE FUND

The Enterprise fund accounts for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the costs (expenses, including depreciation) of providing services on a continuing basis be financed primarily through user fees.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund type (debt service fund) is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the debt service funds. The debt service funds use the following practices in recording revenues and expenditures:

SEWERAGE DISTRICT NO. 3 OF RAPIDES PARISH
RAPIDS PARISH POLICE JURY
Alexandria, Louisiana
Notes to the Financial Statements (Continued)

Revenues

At the time of levy, a special assessment receivable is recognized and is offset by deferred revenues; as the assessments become measurable and available, deferred revenues are reduced and revenue is recognized. In addition, interest earned on special assessments is accrued when due, rather than when earned, because it offsets the related interest expenditures that are also recognized when due; penalties on delinquent assessments are recognized when the district is entitled to the funds.

Expenditures

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, except principal and interest on long-term debt, which is recognized when due.

The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of 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 at the time the liability is incurred.

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposit accounts. Cash equivalents include amounts in time deposits and other short-term investments. Under state law, the district may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with fiscal agent banks organized under the laws of the State of Louisiana and national banks having their principal offices in Louisiana.

Under state law, the district may invest in United States bonds, Treasury notes, bills or certificates. These investments, stated at cost, are classified as cash equivalents if their original are 90 days or less.

F. FIXED ASSETS AND LONG-TERM LIABILITIES

Fixed assets and accumulated depreciation of the district are included on the balance sheet of the Enterprise Fund. Fixed assets are valued at historical or fair market value at the time of donation. Depreciation of all exhaustible fixed assets are charged as an expense against operations. Accumulated depreciation is reported in the Enterprise Fund balance sheet. Depreciation is computed using the straight-line method over the estimated useful life (30 years) of the sewerage system and (5 years) equipment. The sewerage district has no long-term liabilities.

SEWERAGE DISTRICT NO. 1 OF RAPIDES PARISH
RAPIDES PARISH POLICE JURY
Alexandria, Louisiana
Notes to the Financial Statements (Continued)

H. FUND EQUITY - CONTRIBUTED CAPITAL

Contributed capital represents sewerage facilities donated by developers and the Rapides Parish Police Jury. Contributed capital is amortized based on the depreciation recognized on the related capital assets. Depreciation is shown in the contributed capital account and is reflected as an adjustment to the net income or loss on Statement E.

I. TOTAL COLUMN ON BALANCE SHEET

The total column on the balance sheet is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

J. CASH AND EQUIVALENTS

At December 31, 1987, the district has cash and cash equivalents (book balances), as follows:

Petty cash	\$100
Demand deposits	61,504
Money market accounts	136,006
Treasury bills	<u>440,246</u>
Total	<u>\$637,856</u>

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. Each (bank balances) totaling \$346,806 at December 31, 1987, are entirely insured by federal deposit insurance (GAAP Category I).

Under state law and in accordance with the district's investment policy, cash equivalents totaling 440,246 are comprised of United States Treasury bills. Since these Treasury bills are obligations of the Federal government and are being held by the broker-dealer in the name of the district, they are considered insured and registered (GAAP Category I).

SEWERAGE DISTRICT NO. 1 OF RAPIDES PARISH
RAPIDES PARISH POLICE JURY
 Alexandria, Louisiana
 Notes to the Financial Statements (Continued)

3. FIXED ASSETS

A summary of fixed assets at December 31, 1997, follows:

	Cost	Less - Accumulated Depreciation	Net
Land	\$28,578	-	\$28,578
Equipment	3,898	(33,098)	900
Sewer systems	<u>3,877,825</u>	<u>(1,684,874)</u>	<u>2,192,951</u>
Total	<u>\$3,958,895</u>	<u>\$1,647,674</u>	<u>\$2,311,221</u>

Land, totaling \$28,578, was acquired through assessment foreclosures for nonpayment and converted into real estate of the district. It is valued at the balance due on each individual assessment on the date of foreclosure plus interest and related costs of foreclosure (attorney fees, court costs, et cetera).

4. INTERFUND RECEIVABLES/PAYABLES

Interfund assets and liabilities at December 31, 1997, as follows:

Receivable Fund	Payable Fund	Amount
Enterprise	Pony Acres Debt Service	\$63,857
Enterprise	Samtown-Woodside Debt Service	<u>6,800</u>
Total		<u>\$69,857</u>

The interfund receivables/payables resulted from prior year advances from the Enterprise Fund to the Debt Service Funds to provide funding for payment of the sewerage certificates of the systems.

TERREBEAU DISTRICT NO. 1 OF RAPIDES PARISH
RAPIDES PARISH POLICE JURY
 Alexandria, Louisiana
 Notes to the Financial Statements (Continued)

5. CONTRIBUTED CAPITAL

A summary of changes, and the effects of the changes, in contributed capital follows:

Contributed capital - fair market value on the date of donation	\$1,253,312
Accumulated amortization, December 31, 1996	<u>(1,085,898)</u>
Net contributed capital, December 31, 1996	1,167,414
Amortization for 1997	<u>150,674</u>
Accumulated amortization, December 31, 1997	<u>(1,236,568)</u>
Net contributed capital, December 31, 1997	<u>\$1,130,846</u>

6. FUND DEFICIT

Peep Acres Debt Service Fund has a deficit of \$1,994, in unreserved-undesignated fund balance at December 31, 1997. This deficit will be eliminated with an operating transfer from the Enterprise Fund.

7. SPECIAL ASSESSMENTS

The special assessments of the Governmental Fund type - Debt Service Fund totaling \$98,848 are delinquent and have been referred to legal counsel for collection. The district's legal counsel has initiated legal action against the property owners and is in the process of collecting the delinquent assessments. During 1997, approximately \$6,183 of special assessment principal, penalties, and interest were collected.

8. RISK MANAGEMENT

The district is exposed to various risks related to theft, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

The district has obtained commercial insurance for the aforementioned risks and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

SEWERAGE DISTRICT NO. 1
OF RAPIDS PARISH
RAPIDS PARISH POLICE JURY
Alexandria, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
for the Year Ended December 31, 1987

WATER SERVICE FUNDS

PERRY ACRES FUND -- accumulates monies for payment of principal, interest, and fees relating to the sewerage certificates issued by the district on behalf of the residents of the Perry Acres subdivision. The proceeds of the sewerage certificates were used to acquire, construct, improve, and extend a sewerage system in the subdivision. The certificates are financed by special assessments levied by the sewerage district on property owners within the subdivision. The certificates were completely repaid in 1988.

SANTOWN-WOODSIDE FUND -- accumulates monies for payment of principal, interest, and fees relating to the sewerage certificates issued by the district on behalf of the residents of the Santown-Woodside area. The proceeds of the sewerage certificates were used to construct a sewerage system in the Santown-Woodside area of the district. The certificates are financed by special assessments levied by the sewerage district on property owners within the area. The certificates were completely repaid in 1986.

SEBRING DISTRICT NO. 1 OF BAYLOR PARISH
 BAYLOR PARISH POLICE JURY
 Alexandria, Louisiana
 COMBINATIONAL FUND TYPE - DEBT SERVICE FUND

Combining Balance Sheet, December 31, 1997

	PRIMARY ASSETS	CAPITAL RESOURCES	TOTAL
ASSETS			

Cash	\$4,473	\$71,709	\$76,182
Receivables - special assessments	283	87,545	87,828

TOTAL ASSETS	\$4,756	\$159,254	\$164,010

LIABILITIES AND FUND EQUITY			

Liabilities - interfund payable	\$6,000	\$83,957	\$89,957
Fund equity - fund balances (deficit) - unreserved/undesignated	(2,000)	75,297	73,297

TOTAL LIABILITIES AND FUND EQUITY	\$4,000	\$159,254	\$163,254

TERMINAL DISTRICT NO. 2 OF RAPIDES PARISH
 RAPIDES PARISH POLICE JURY
 Alexandria, Louisiana
 GOVERNMENTAL FUND (199) - DEPT SERVICE FUNDS

Combined Schedule of Revenues, Expenditures, and Changes in Fund Balances
 for the Year Ended December 31, 1997

	PLANT ACQUIS.	DEVELOP- MENTAL	TOTAL
	-----	-----	-----
REVENUES			
Special assessments, penalties, and interest	NONE	16,183	16,183
EXPENDITURES	NONE	NONE	NONE
EXCESS (Deficiency) of REVENUES OVER EXPENDITURES	NONE	16,183	16,183
FUND BALANCE (Deficit) AT BEGINNING OF YEAR	(11,990)	49,791	37,801
FUND BALANCE (Deficit) AT END OF YEAR	(11,990)	215,894	203,904

**WARRIOR DISTRICT NO. 1
OF WARRIOR PARISH
WARRIOR PRISON POLICE JURY
Alexandria, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
for the Year Ended December 31, 1987**

PER DIEM PAID BOARD MEMBERS

The schedule of per diem paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 33:1857, each board member receives per diem of \$48 for each board meeting they attend, not to exceed 24 regular and 12 special meetings per year.

Board Member -----	Number	Amount
Stole Johnson	27	\$1,476
Jimmie Jeanstone	25	1,200
Leon Blalock	27	1,308

TOTAL		\$4,140

**Independent Auditor's Reports Required
by Government Auditing Standards**

The following independent auditor's reports on internal control and compliance are presented in compliance with the requirements of Government Auditing Standards issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

HERBIE W. WAY
CERTIFIED PUBLIC ACCOUNTANT
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Alexandria, LA 71303
338/442-7568
fax: 338/442-9495

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

BOARD OF COMMISSIONERS
SEWERAGE DISTRICT NO. 1 OF RAPIDES PARISH
RAPIDES PARISH POLICE JURY
Alexandria, Louisiana

I have audited the financial statements of the Sewerage District No. 1 of Rapides Parish, a component unit of the Rapides Parish Police Jury, as of and for the year ended December 31, 1997, and have issued my report thereon dated July 30, 1998. I conducted my 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 financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

However, Louisiana law requires the audit report to be issued within six months of the close of the entity's fiscal year. But due to the workload of the firm, I was unable to issue the report within the six-month period.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting 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 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

SEWERAGE DISTRICT NO. 1 OF RAPIDES PARISH
RAPIDES PARISH POLICE JURY
Alexandria, Louisiana
Compliance and Internal Control Report
(Continued)

Prior Audit Findings

The audit for the year ended December 31, 1996, disclosed no instances of noncompliance that were required to be reported under Government Auditing Standards or matters involving the internal control over financial reporting and its operation that were considered to be material weaknesses.

General

This report is intended for the information of the Sewerage District No. 1 of Rapides Parish. However, this report is a matter of public record and its distribution is not limited.

Herbie B. May

Herbie B. May
Alexandria, Louisiana
July 30, 1998