

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I inspected copies of bank deposit slips for the period under examination and noted three deposits which appeared to be bond proceeds which were approved by the State Bond Commission.

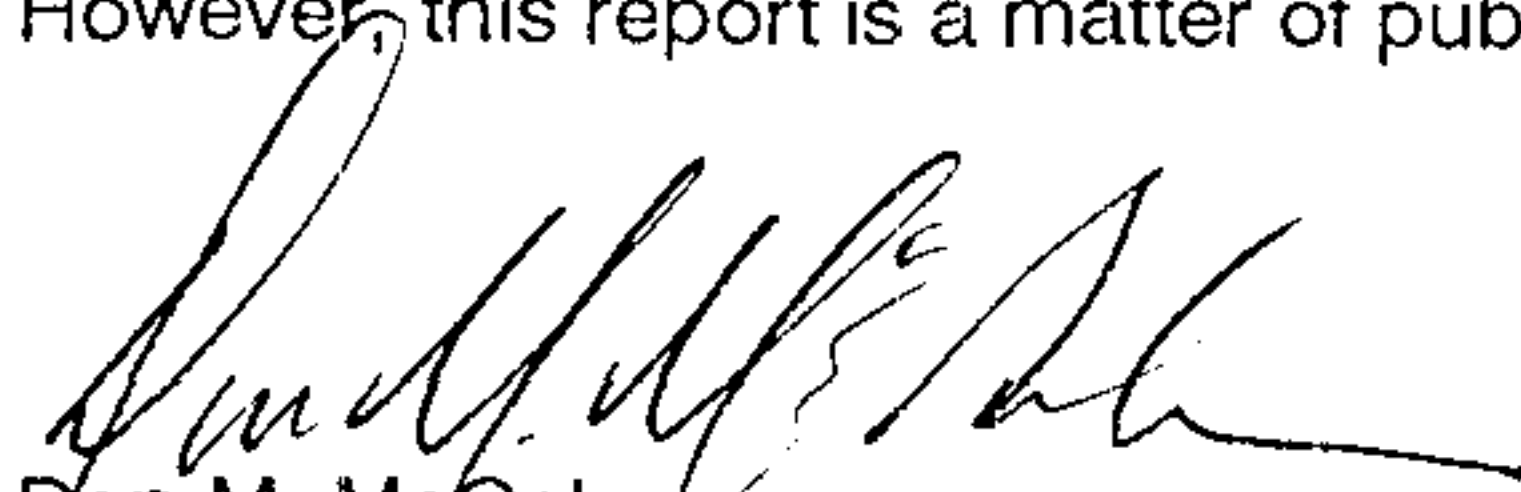
Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

There were no employees during the period under examination.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Tremont Waterworks District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.



Don M. McGehee
Certified Public Accountant
December 31, 1997

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included in the listing obtained from management in agreed-upon procedure (2) as immediate family member.

There were no employees during the period under examination.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Tremont Waterworks District is not required to adopt a budget.

6. Trace the budget adoption and amendments to the minute book.

Tremont Waterworks District is not required to adopt a budget.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

Tremont Waterworks District is not required to adopt a budget.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee;

I examined supporting documentation for all six disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct general ledger account; and

All six payments were coded to the correct general ledger account.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approval from the president.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1-42:12 (the open meeting law).

Tremont Waterworks District is only required to post a notice of each meeting and the accompanying agenda on the door of the district's office building. Although management has asserted that such documents were properly posted, I could find no evidence supporting such assertion.

DON M. McGEHEE

(A Professional Accounting Corporation)

P.O. Box 1344

806 North Trenton

Ruston, Louisiana 71273-1344

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Wayne McNabb, President
Tremont Waterworks District
706 Pleasant Grove Road
Choudrant, LA 71227

I have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the president of the Tremont Waterworks District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Tremont Waterworks District's compliance with certain laws and regulations during the year ended June 30, 1997 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$5,000, or public works exceeding \$50,000 and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

Three expenditures were made during the year for public works exceeding \$50,000. I examined documentation which indicated that all of these expenditures had been properly advertised and accepted in accordance with the provisions of LSA-RS 38:2211-2251.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as his immediate family.

Management provided me with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

There were no employees during the period under examination.

AGREED-UPON PROCEDURES

**TREMONT WATERWORKS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997**

NOTE 2 – CASH AND INVESTMENTS

Cash consists of demand deposits. At June 30, 1997, the carrying amount of the District's deposits was \$4,771. The bank balance for the deposits was \$4,921. Of the bank balance, the entire amount was covered by federal depository insurance.

NOTE 3 – RESTRICTED ASSETS

Certain assets of the Tremont Waterworks District in the amount of \$4,771 have been restricted for debt service and customer deposits.

NOTE 4 – CONSTRUCTION IN PROGRESS

In May, 1996, the Tremont Waterworks District signed a construction contract with Ates Construction to construct a water distribution system for approximately \$280,000. Engineering, legal, and other costs are expected to add an additional \$87,000 to the project. The District received loan approval (\$131,000 bond issue) and grant approval (\$236,000 grant) from the Rural Economic and Community Development to finance this project.

The construction project is substantially complete for the year ended June 30, 1997. However, the project will not be totally complete until late 1997, at which time the District will receive the remaining bond and grant proceeds and make the final payments for the construction.

Interest incurred during construction is capitalized.

NOTE 5 – LONG-TERM DEBT

Long-Term debt payable is comprised of the following debt instrument:

\$131,000 Water Revenue Bonds, dated March 7, 1997, interest only payments due on March 7, 1998 and 1999 and due in monthly installments of \$633 beginning April 7, 1999 through March 7, 2037; ; interest at 4-7/8%. \$ 131,000

The annual requirement to amortize all debt outstanding as of June 30, 1997, including \$167,978 of interest, is as follows:

	Bonds
1998	7,300
1999	6,499
2000	7,593
2001	7,593
2002	7,593
2003–2037	262,400
Totals	\$ 298,978

**TREMONT WATERWORKS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. CASH AND INVESTMENTS

Cash and investments consist of interest bearing demand deposits. 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. Deposits are carried at cost which approximates market value.

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

D. RESTRICTED ASSETS

Certain resources that are set aside for the repayment of the Revenue Bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The following is a summary of the flow of funds and restrictions on use under the terms of the Water Revenue Bond agreement, dated March 7, 1997.

All of the income and revenues earned from the operation of the waterworks system, after payment of all reasonable and necessary expenses of operating and maintaining the system shall be administered in the following order of priority:

(a) Money sufficient to pay the principal and interest due on an annual installment shall be set aside and accumulated on a monthly basis in an amount equal to 1/12 of the annual installment into the Sinking Fund.

(b) Upon completion of and acceptance of the waterworks improvements, an amount equal to 5% of the amount paid into the Sinking Fund must be deposited into the Tremont Reserve Fund until February 20, 1999. Beginning March 20, 1999, \$32 a month must be deposited into the Tremont Reserve Fund, until there is on deposit an amount equal to \$7,593.

(c) Upon completion of and acceptance of the waterworks improvements, \$32 a month must be deposited into the Tremont Contingency fund.

E. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect (1) the reported amounts of assets and liabilities, (2) disclosure of contingent assets and liabilities at the date of the financial statements, and (3) the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**TREMONT WATERWORKS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Tremont Waterworks District was organized by the Lincoln Parish Police Jury October 8, 1991 for the purpose of constructing a waterworks system and providing such service to the residents in Tremont Waterworks District, Lincoln Parish. The district was altered and enlarged by the Lincoln Parish Police Jury August 22, 1995. All existing water distribution lines in the service area were abandoned and efforts to officially organize the Tremont Waterworks District were begun in April, 1996. As of June 30, 1997 the construction of the system was not complete and the system was not providing water service to its customers.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental accounting and financial reporting standards. This codification is recognized as generally accepted accounting principles for state and local government. The accounting and reporting policies of the Tremont Waterworks District conform to these generally accepted accounting principles and the requirements of Louisiana Revised Statute 24:517 and to the guides set forth in the Louisiana Governmental Audit Guide and to the industry audit guide, Audits of State and local Governmental Units, published by the American Institute of Certified Public Accountants.

A. REPORTING ENTITY

For financial reporting purposes, in conformity with GASB Statement No. 14, the Tremont Waterworks District is a component unit of the Lincoln Parish Police Jury. For the purpose of this financial report, this component unit serves as the nucleus for its own financial reporting entity and issues separate financial statements.

B. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statement. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The financial records of the Tremont Waterworks District utilize the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

TREMONT WATERWORKS DISTRICT
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN RETAINED EARNINGS
 FOR THE YEAR ENDED JUNE 30, 1997

EXPENSES		
Bank Charges		\$ 24
Dues		150
Insurance		400
TOTAL EXPENSES		<u>574</u>
 NET LOSS		 (574)
 RETAINED EARNINGS -- BEGINNING		 <u>0</u>
 RETAINED EARNINGS -- ENDING		 \$ <u><u>(574)</u></u>

The accompanying notes are an integral part of these financial statements.

TREMONT WATERWORKS DISTRICT
BALANCE SHEET
JUNE 30, 1997

ASSETS

CURRENT RESTRICTED ASSETS

Cash

\$ 4,772

PLANT AND EQUIPMENT

Construction in Progress

141,432

TOTAL ASSETS

\$ 146,204

LIABILITIES AND EQUITY

CURRENT LIABILITIES (Payable from Restricted Assets)

Customer Deposits

\$ 5,900

Accrued Interest Payable

911

TOTAL CURRENT LIABILITIES

6,811

LONG-TERM LIABILITIES

Long-Term Debt

131,000

TOTAL LIABILITIES

137,813

FUND EQUITY

Donated Capital

8,965

Retained Earnings

(574)

TOTAL FUND EQUITY

8,391

TOTAL LIABILITIES AND FUND EQUITY

\$ 146,204

The accompanying notes are an integral part of these financial statements.

DON M. McGEHEE

(A Professional Accounting Corporation)

P.O. Box 1344

806 North Trenton

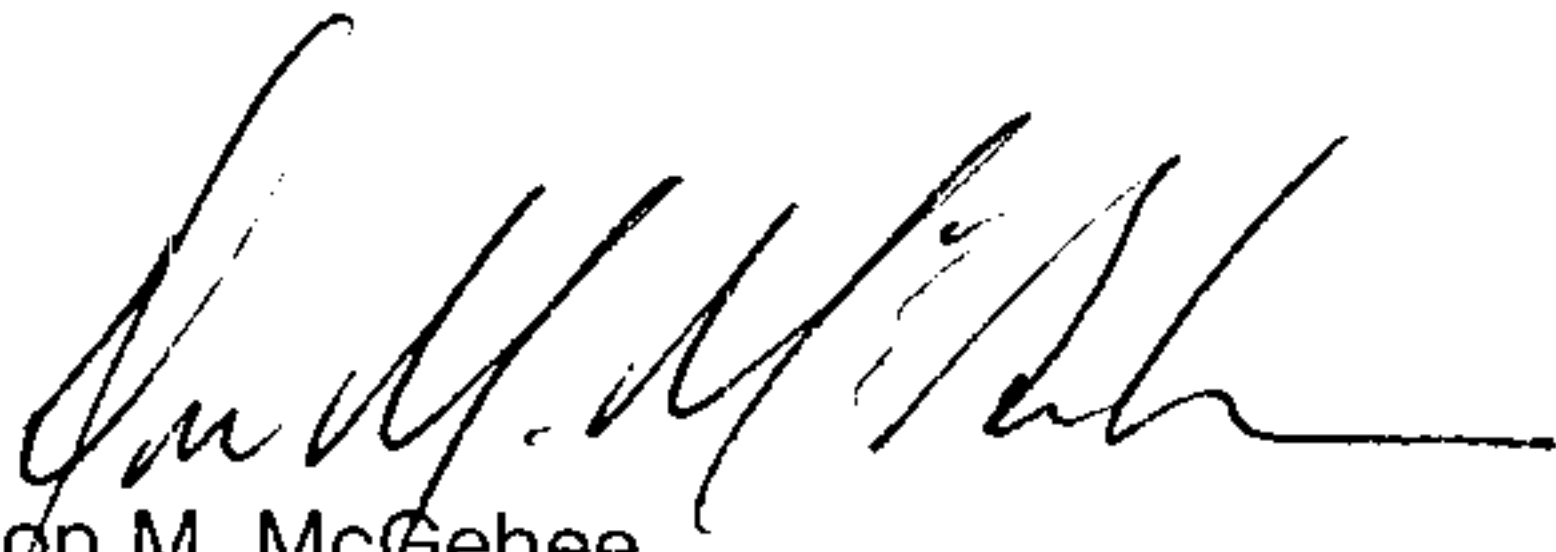
Ruston, Louisiana 71273-1344

ACCOUNTANT'S COMPILATION REPORT

Wayne McNabb, President
Tremont Waterworks District
706 Pleasant Grove Road
Choudrant, LA 71227

I have compiled the accompanying general purpose financial statements of the Tremont Waterworks District, a component unit of the Lincoln Parish Police Jury, as of and for the year ended June 30, 1997, as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.



Don M. McGehee
Certified Public Accountant
December 31, 1997

TREMONT WATERWORKS DISTRICT

FINANCIAL REPORT
JUNE 30, 1997

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TREMONT WATERWORKS DISTRICT
FINANCIAL REPORT
JUNE 30, 1997

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.

MAY 04 1998

Release Date _____