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WARD 3, AVOUELLES WATERWORKS DISTRICT
Mansura, Louisiana

Compiled Financial Statements

December 31, 1998

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 'AUG 17 1999

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ACCOUNTANTS' REPORT

Board of Commissioners
Ward 3, Avoyelles Waterworks District
Mansura, Louisiana

We have compiled the accompanying financial statements of Ward 3, Avoyelles Waterworks District, a component unit of the Avoyelles Parish Police Jury, as of December 31, 1998 and 1997 and for the years then ended, 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 and supplementary information that is the representation of management. We have not audited or reviewed the accompanying 1998 and 1997 financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

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

Marksville, Louisiana
May 19, 1999

COMPONENT UNIT FINANCIAL STATEMENTS

WARD 3, AVOYELLES WATERWORKS DISTRICT
MANSURA, LOUISIANA

Proprietary Fund Type
Enterprise Fund
Comparative Balance Sheet
December 31, 1998 and 1997
(Unaudited)

	<u>1998</u>	<u>1997</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 42,394	\$ 37,495
Investments	15,000	55,000
Accounts receivable, water sales	35,302	34,908
Accrued interest receivable	111	427
Prepaid insurance	3,454	3,454
Inventories	<u>8,000</u>	<u>8,000</u>
Total current assets	<u>104,261</u>	<u>139,284</u>
Restricted assets:		
Customer deposits -		
Cash and cash equivalents	18,773	15,425
Investments	24,614	23,242
Accrued interest receivable	303	286
Bond accounts -		
Cash and cash equivalents	3,768	2,490
Investments	77,000	72,037
Accrued interest receivable	<u>683</u>	<u>1,632</u>
Total restricted assets	<u>125,141</u>	<u>115,112</u>
Property, plant and equipment:		
Land	9,200	9,200
Building and equipment	<u>746,925</u>	<u>726,166</u>
Total	756,125	735,366
Less: accumulated depreciation	<u>(382,432)</u>	<u>(362,607)</u>
Net property, plant and equipment	<u>373,693</u>	<u>372,759</u>
Total assets	<u><u>\$603,095</u></u>	<u><u>\$627,155</u></u>

See accountants' report.

	<u>1998</u>	<u>1997</u>
LIABILITIES AND FUND EQUITY		
Current liabilities:		
Current liabilities (payable from current assets) -		
Accounts payable	\$ 18,356	\$ 16,014
Payroll taxes payable	1,041	903
Sales tax payable	<u>162</u>	<u>172</u>
Total current liabilities (payable from current assets)	<u>19,559</u>	<u>17,089</u>
Current liabilities (payable from restricted assets) -		
Customer deposits	33,797	27,266
Accrued interest payable	-	1,650
Current maturities of long-term debt	<u>10,000</u>	<u>9,000</u>
Total current liabilities (payable from restricted assets)	<u>43,797</u>	<u>37,916</u>
Long-term liabilities:		
Revenue bonds payable (net of current portion)	<u>111,385</u>	<u>144,700</u>
Total liabilities	<u>174,741</u>	<u>199,705</u>
Fund equity:		
Contributed capital -		
Customers	5,000	5,000
Grants	<u>282,940</u>	<u>282,940</u>
Total contributed capital	287,940	287,940
Less: Accumulated amortization	<u>(139,345)</u>	<u>(132,147)</u>
Net contributed capital	<u>148,595</u>	<u>155,793</u>
Retained earnings:		
Reserved -		
Revenue bond retirement	39,824	36,398
Revenue bond contingency	31,627	29,111
Unreserved	<u>208,308</u>	<u>206,148</u>
Total retained earnings	<u>279,759</u>	<u>271,657</u>
Total fund equity	<u>428,354</u>	<u>427,450</u>
Total liabilities and fund equity	<u>\$ 603,095</u>	<u>\$ 627,155</u>

WARD 3, AVOYELLES WATERWORKS DISTRICT
MANSURA, LOUISIANA

Proprietary Fund Type
Enterprise Fund

Comparative Statement of Revenues, Expenses and Changes in Retained Earnings
Years Ended December 31, 1998 and 1997
(Unaudited)

	<u>1998</u>	<u>1997</u>
Operating revenues:		
Charges for services - water sales and fees	<u>\$ 298,176</u>	<u>\$ 277,578</u>
Operating expenses:		
Cost of water sold	171,584	141,400
Salaries	53,223	49,398
Payroll taxes	4,860	4,532
Travel	1,968	1,482
Utilities	7,049	6,016
Telephone	3,291	2,739
Office supplies	2,422	1,098
Postage	1,994	1,775
Repairs and maintenance	18,280	12,329
Professional services	250	85
Auditing fees	1,300	1,910
Commissioner fees	4,140	3,480
Contract services	431	275
Insurance	7,717	8,582
Depreciation	19,825	22,732
Dues	774	355
Other operating	219	1,158
Total operating expenses	<u>299,327</u>	<u>259,346</u>
Operating income (loss)	<u>(1,151)</u>	<u>18,232</u>
Nonoperating revenues (expenses):		
Interest income	9,757	9,231
Miscellaneous income	-	2,332
Interest expense	<u>(7,702)</u>	<u>(10,350)</u>
Total nonoperating revenues (expenses)	<u>2,055</u>	<u>1,213</u>
Net income	904	19,445
Add: Depreciation on fixed assets acquired by grants, entitlements, and shared revenues externally restricted for capital acquisitions and construction that reduces contributed capital	7,198	7,198
Retained earnings, beginning	<u>271,657</u>	<u>245,014</u>
Retained earnings, ending	<u>\$ 279,759</u>	<u>\$ 271,657</u>

See accountants' report.

WARD 3, AVOYELLES WATERWORKS DISTRICT
MANSURA, LOUISIANA

Proprietary Fund Type
Enterprise Fund
Comparative Statement of Cash Flows
Years Ended December 31, 1998 and 1997
(Unaudited)

	<u>1998</u>	<u>1997</u>
Cash flows from operating activities:		
Cash received from customers	\$ 304,313	\$ 272,120
Cash payments to suppliers for goods and services	(223,809)	(184,986)
Cash payments to employees for services	<u>(53,223)</u>	<u>(49,398)</u>
Net cash provided by operating activities	<u>27,281</u>	<u>37,736</u>
Cash flows from noncapital financing activities:		
Miscellaneous receipts	<u>-</u>	<u>2,332</u>
Cash flows from capital and related financing activities:		
Principal paid on notes payable	(32,315)	(24,300)
Interest paid on notes payable	(9,352)	(8,700)
Acquisitions of plant and equipment	<u>(20,759)</u>	<u>-</u>
Net cash used for capital and related financing activities	<u>(62,426)</u>	<u>(33,000)</u>
Cash flows from investing activities:		
(Increase) decrease in investments	33,665	(4,966)
Interest received on investments	<u>11,005</u>	<u>8,959</u>
Net cash provided by investing activities	<u>44,670</u>	<u>3,993</u>
Net increase in cash and cash equivalents	9,525	11,061
Cash and cash equivalents, beginning of year	<u>55,410</u>	<u>44,349</u>
Cash and cash equivalents, end of year	<u>\$ 64,935</u>	<u>\$ 55,410</u>

See accountants' report.

WARD 3, AVOYELLES WATERWORKS DISTRICT
MANSURA, LOUISIANA

Proprietary Fund Type
Enterprise Fund
Comparative Statement of Cash Flows (Continued)
Years Ended December 31, 1998 and 1997
(Unaudited)

	<u>1998</u>	<u>1997</u>
Reconciliation of net income to net cash provided by operating activities:		
Operating income (loss)	<u>\$(1,151)</u>	<u>\$18,232</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	19,825	22,732
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	(394)	(3,450)
Decrease (increase) in prepaid insurance	-	(514)
Decrease (increase) in inventories	-	2,086
Increase (decrease) in accounts payable	2,342	703
Increase (decrease) payroll taxes payable	138	26
Increase (decrease) in sales taxes payable	(10)	(71)
Increase (decrease) in customer deposits	<u>6,531</u>	<u>(2,008)</u>
Total adjustments	<u>28,432</u>	<u>19,504</u>
Net cash provided by operating activities	<u>\$27,281</u>	<u>\$37,736</u>

WARD 3, AVOYELLES WATERWORKS DISTRICT
Mansura, Louisiana

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

The Ward 3, Avoyelles Waterworks District (hereinafter referred to as District) was incorporated on July 10, 1973 as a nonprofit corporation as defined in Louisiana Revised Statutes, Title 33, Chapter 8, Section 3811 et seq. The District is authorized to construct, maintain, and improve the system of water supply within the district.

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 requirements of the industry audit guide, Audits of State and Local Governmental Units.

The Water District is a component unit of the Avoyelles Parish Police Jury, the primary government. The commissioners of the District are appointed by the Avoyelles Parish Police Jury.

The Water District serves approximately 650 customers and has 3 employees.

A. Basis of Presentation

The accompanying component unit financial statements of the Ward 3, Avoyelles Waterworks District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

For financial reporting purposes, these component unit financial statements include all funds and activities that are controlled by the District as an independent political subdivision of the State of Louisiana. Although legally separate from the Avoyelles Parish Police Jury, the Avoyelles Parish Police Jury appoints the Board of Commissioners and has the ability to impose its will on the District and, therefore, is considered to be a component unit of the Avoyelles Parish Police Jury (primary government), the financial reporting entity.

C. Fund Accounting

The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

WARD 3, AVOYELLES WATERWORKS DISTRICT
Mansura, Louisiana

Notes to Financial Statements (Continued)

The District uses an enterprise fund to account for its proprietary fund operations. An enterprise fund is 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.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or 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 District utilizes the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month are recorded in accounts receivable.

E. Fixed Assets and Liabilities

Fixed assets are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

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

Equipment	5 - 20 years
Buildings	40 years
Storage tanks	40 years
Utility System and Improvements	30 - 40 years

All fixed assets are stated at historical cost. Donated fixed assets, if any, are stated at their estimated fair value on the date donated.

The District follows the policy of capitalizing interest as a component of the cost of property, plant and equipment for its own use. For the year ended December 31, 1998, there were no interest charges capitalized on fixed assets acquired or constructed.

WARD 3, AVOYELLES WATERWORKS DISTRICT
Mansura, Louisiana

Notes to Financial Statements (Continued)

F. Investments

Investments which consist of insured money market accounts and interest-bearing demand deposit accounts are stated at cost, which approximates market.

G. Restricted Assets

Certain proceeds of the 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. Also, security deposits paid by customers are classified as restricted assets since they are refundable to the customer.

H. Bad Debts

The allowance method is used to recognize bad debts of accounts receivable. The allowance is determined based upon past history and the aging of accounts receivable as of year-end. The allowance for bad debts at December 31, 1998 is immaterial.

I. Compensated Absences

The District has no set policy for accumulated vacation, sick pay or other employee benefits. Therefore, no accruals for compensated absences have been made in these financial statements.

J. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District as an extension of formal budgetary integration in the funds.

K. Statement of Cash Flows

For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

L. Comparative Data

Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

WARD 3, AVOYELLES WATERWORKS DISTRICT
Mansura, Louisiana

Notes to Financial Statements (Continued)

(2) Cash and Investments

Under state law, the District may deposit funds within a fiscal agent bank organized 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, 1998, the District had cash and interest-bearing deposits (book balances) totaling \$64,935. 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. 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. Deposit balances (bank balances) at December 31, 1998 of \$103,186 were secured in total by federal deposit insurance.

The investments held by the District are comprised of time deposits with a maturity of one year. The carrying amount approximates market. The bank balances totaling \$116,614 were secured by federal deposit insurance.

(3) Accounts Receivable

The accounts receivable balance at December 31, 1998 of \$35,302 consisted of the following:

Billed -		
Current	\$23,153	96%
Arrears	<u>903</u>	<u>4%</u>
Total billed	24,056	100%
Unbilled	<u>11,246</u>	
Gross receivables	35,302	
Less allowance	<u>-</u>	
 Total receivables, net	 <u><u>\$35,302</u></u>	

Unbilled receivables represent the estimated billings for water sales from the last date the meters were read in the year of 1998 (approximately the 15th of December) to the end of the year.

WARD 3, AVOYELLES WATERWORKS DISTRICT
Mansura, Louisiana

Notes to Financial Statements (Continued)

(4) Property, Plant and Equipment

A summary of changes in property, plant and equipments follows:

	Balance 12/31/97	Additions	Deletions	Balance 12/31/98
Land	\$ 9,200	\$ -	\$ -	\$ 9,200
Buildings	43,755	-	-	43,755
Equipment	96,652	3	-	96,655
Distribution system	585,759	20,756	-	606,515
 Totals	 \$735,366	 \$20,759	 \$ -	 \$756,125

(5) Changes in Long-Term Debt

The following is a summary of debt transactions of the District for the year ended December 31, 1998:

	Bonds Payable
Long-term obligations payable, December 31, 1997	\$ 153,700
Additions	-
Deductions	(32,315)
Long-term obligations payable at December 31, 1998	\$ 121,385

Bonds payable (current and long-term portions) are financed with GMAC Commercial Mortgage.

WARD 3, AVOYELLES WATERWORKS DISTRICT
Mansura, Louisiana

Notes to Financial Statements (Continued)

Bonds payable at December 31, 1998 is composed of the following individual bonds:

\$325,000 bonds dated January 1, 1975, bearing interest at 5% per annum, due in annual payments of \$3,000 to \$18,000 through January 1, 2014.	\$ 121,385
Less current portion	(10,000)
Long-term portion	<u>\$ 111,385</u>

The annual requirements to amortize bonds outstanding at December 31, 1998, including interest payments of \$34,759 are as follows:

December 31,

1999	\$ 16,069
2000	15,569
2001	16,019
2002	15,469
2003	15,869
2004-2008	75,695
2009	1,454
	<u>\$ 156,144</u>

(6) Flow of Funds; Restrictions on Use - Utility Revenues

Under the terms of the bond indentures all of the income and revenues earned by the District from operations of the waterworks system must be deposited in the "Waterworks Revenue Fund". Monies in this fund shall be first used for the payment of all reasonable and necessary expenses of operating and maintaining the system. By the 20th of each month out of the "Waterworks Revenue Fund" shall be transferred into the (1) "Waterworks Revenue Bond and Interest Sinking Fund" a sum equal to 1/12th of the principal and the interest falling due on the next maturing installment for the Bonds, (2) "Waterworks Reserve Fund" an amount equal to 5% of the amount transferred into the

WARD 3, AVOYELLES WATERWORKS DISTRICT
Mansura, Louisiana

Notes to Financial Statements (Continued)

"Waterworks Revenue Bond and Interest Sinking Fund" until there is on deposit an amount equal to \$22,950 and (3) "Waterworks Depreciation Fund" an amount equal to \$99. For 1998, all provisions have been met. Activity in the cash and investment bond accounts for 1998 follows:

	<u>Sinking Fund</u>	<u>Reserve Fund</u>	<u>Depreciation Fund</u>
Balances 12/31/97	\$23,238	\$23,238	\$28,051
Transfers in	-	-	1,200
Interest earned	<u>1,372</u>	<u>1,372</u>	<u>2,297</u>
Balances 12/31/98	<u>\$24,610</u>	<u>\$24,610</u>	<u>\$31,548</u>

Restricted assets for the bond accounts are comprised of the following at December 31, 1998:

Cash	\$ -	\$ -	\$ 3,768
Investments	24,610	24,610	27,780
Accrued interest	<u>302</u>	<u>302</u>	<u>79</u>
Totals	<u>\$ 24,912</u>	<u>\$ 24,912</u>	<u>\$ 31,627</u>

(7) Retirement Commitments

Employees of the District are members of the social security retirement system. The District has no further liability for retirement commitments. The FICA expensed during 1998 on qualified payroll of \$53,223 was \$4,072.

(8) Contributed Capital

Amounts contributed to the enterprise fund for acquisition or construction of fixed assets are recognized as contributed capital. Contributed capital generated through grants externally restricted for capital acquisitions is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such grants. This depreciation is closed to the appropriate contributed capital account and is reflected as an adjustment to net income on the Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings.

WARD 3, AVOYELLES WATERWORKS DISTRICT
Mansura, Louisiana

Notes to Financial Statements (Continued)

Contributed capital for the Water District consist of the following:

	<u>Amounts</u>
Customer contributions	\$ 5,000
State Grants	182,000
Federal Grants	<u>100,940</u>
 Total contributed capital	 <u><u>\$287,940</u></u>

The contributed capital is externally restricted for capital acquisitions or construction. Depreciation on the fixed assets acquired by contributed capital is treated as a reduction of contributed capital and a corresponding increase in retained earnings. In the current year, \$7,198 of contributed capital was amortized.

(9) Litigation

At December 31, 1998, there is no litigation pending against the District.

(10) Water Purchase Contracts

The District purchases its water from the Town of Cottonport, Louisiana. On January 23, 1998, the District renewed its water purchase contract with the Town for a period of three (3) years. The terms of the contract are as follows:

1. \$1.02 per 1,000 gallons up to 3,000,000 gallons
2. \$1.11 per 1,000 gallons in excess of 3,000,000 gallons
3. Term of contract is for 20 years

On August 2, 1994, the District entered a contract with Louisiana Water Company, a corporation domiciled at Baton Rouge, Louisiana (hereinafter) referred to as LAWCO). The contract calls for the District to purchase water from LAWCO to be subsequently sold to Grand Casino Avoyelles. The contract term is for ten (10) years and expires on September 14, 2004. The District cost for this water is \$1.60 per 1,000 gallons.

(11) Board Member's Compensation

The Board of Commissioners' compensation for the year ending December 31, 1998 is as follows:

	<u>Commissioner Fees Per Diem</u>
Joan Decuir	\$ 780
Leon Bordelon	780
Felton Carmouche	840
Donald Sampson	840
Chris Burke	900
	<u>\$4,140</u>

(12) Restitution

The board members were overpaid for board fees up to the year ending December 31, 1994 and they are presently making restitution to the District. The restitution being paid is included in the financial statement caption "Miscellaneous Income" shown on the "Comparative Statement of Revenues, Expenses and Changes in Retained Earnings."

SUPPLEMENTARY INFORMATION

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Ward 3, Avoyelles Waterworks District
Mansura, Louisiana

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of Ward 3, Avoyelles Waterworks District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Ward 3, Avoyelles Waterworks District's compliance with certain laws and regulations during the year ended December 31, 1998 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedure 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, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested of 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).

There were no expenditures made during the year for material and supplies exceeding \$5,000, or public works exceeding \$50,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of management 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 their immediate families.
3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

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

None of the employees included on the list of employees provided by management (agreed-upon procedure (3) appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

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

Ward 3, Avoyelles Waterworks District, an enterprise fund and a component unit of the Avoyelles parish Police Jury, is not required to adopt a budget.

6. Trace the budget adoption and amendments to the published advertisement in the official journal.

Ward 3, Avoyelles Waterworks District, an enterprise fund and a component unit of the Avoyelles Parish Police Jury, 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%.

Ward 3, Avoyelles Waterworks District, an enterprise fund and a component unit of the Avoyelles Parish Police Jury, is not required to adopt a budget.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

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

We examined supporting documentation for each of the six selected 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 fund and general ledger account; and

All payments were properly coded to the correct fund and 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 Ward 3, Avoyelles Waterworks District.

9. 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.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

10. Examine payroll records for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

We inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances or gifts.

We were 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, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Ward 3, Avoyelles 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.

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

Marksville, Louisiana
May 19, 1999

AVOYELLES WARD THREE WATER
1106 COCOVILLE ROAD
MANSURA, LOUISIANA 71350

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)**

6-8-99 (Date Transmitted)

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, CPA
133 E. WADDIL
MARKSVILLE, LOUISIANA 71351

(Auditors)

In connection with your compilation of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..

Yes No

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes No

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes No

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes No

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

<u>Donald M. Sampson Jr.</u>	Secretary	<u>6-8-99</u>	Date
<u>Donald M. Sampson Jr.</u>	Treasurer	<u>6-8-99</u>	Date
<u>Juan A. De Luis</u>	President	<u>6/8/99</u>	Date