

The Board of Directors  
Lawtell Waterworks District No. One  
of St. Landry Parish  
Lawtell, Louisiana  
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We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the component unit financial statements.

Billings are not being reconciled between the source documents, bills mailed and the subsidiary ledger.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the component unit financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable condition described above is not a material weakness.

This report is intended for the information of the Lawtell Waterworks District No. One of St. Landry Parish, Louisiana, its Board of Directors and the appropriate regulatory agency. However, this report is a matter of public record and its distribution is not limited.

*John S. Dowling & Company*  
Opelousas, Louisiana  
October 2, 1996

LAWTELL WATERWORKS DISTRICT NO. ONE OF ST. LANDRY PARISH  
LAWTELL, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1996 AND 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. The Reporting Entity (Continued)

Because the police jury appoints a voting majority of the Water District's governing body and the police jury has the ability to impose its will on the Water District, the Water District was determined to be a component unit of the St. Landry Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Water District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Fund Accounting

The accounts of the Lawtell Waterworks District No. One are organized in one fund, which is considered a separate accounting entity. The operations of the fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses. The fund presented in the financial statements is described as follows:

Proprietary Fund Type - Enterprise Fund. The 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.

C. Basis of Accounting

All Proprietary Funds are accounted for on a flow of economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary Fund Type operating statements present increases (revenues) and decreases (expenses) in net total assets.

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.

All Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Revenues consist primarily of water sales which are recognized when earned. Other revenues are recorded when received because they are generally not measurable until actually received. Investment earnings are recorded as earned.

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LAWTELL, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1996 AND 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Purchases of various operating supplies are regarded as expenditures at the time purchased and inventories of such supplies (if any) are not recorded as assets at the close of year-end, unless material.

Interest costs incurred during construction, if any, are not capitalized.

Certain reclassifications have been made to the June 30, 1995 financial statements in order for them to be better compared to the June 30, 1996 financial statements.

D. Cash and Investments

Louisiana statutes authorize the Water District to invest in United States bonds, treasury notes or certificates of deposit in state or national banks, or any other federally insured investment. Interest-bearing deposits are stated at cost, plus accrued interest to June 30, 1996 and 1995, which approximates market. Interest-bearing accounts include certificates of deposit, money market accounts, and interest-bearing checking accounts.

E. Fixed Assets

Property, plant, and equipment, including infrastructure assets, (which constitute assets of the Proprietary Fund) are recorded at cost and depreciation is computed under the straight-line method and the modified accelerated cost recovery method over the estimated useful lives of the respective assets. The service lives by type of asset are as follows:

|                         |            |
|-------------------------|------------|
| Water system            | 40 years   |
| Machinery and equipment | 5-10 years |
| Equipment shed          | 15 years   |

F. Budgets and Budgetary Accounting

The Lawtell Waterworks District No. One is not required to adopt a budget for its Proprietary Fund.

G. Statement of Cash Flows

For the purpose of reporting cash flows all highly liquid investments with a maturity at purchase date of three months or less are considered to be cash equivalents.

H. Encumbrances

Lawtell Waterworks District No. One does not employ the encumbrance system of accounting.

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LAWTELL, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1996 AND 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Vacation and Sick Leave

Full-time employees of Lawtell Waterworks District No. One earn three weeks of vacation per year and take sick leave as it is needed. There is no formal policy on carrying over leave time not used.

J. Bad Debts

Lawtell Waterworks District No. One has a policy of recognizing uncollectible amounts of water billings at the time information becomes available which would indicate the uncollectibility of the receivable. Uncollectible accounts are recognized and written off as bad debts after one year.

K. Pensions

The District's employees do not belong to any state pension plan, but are contributing to Social Security.

NOTE 2 - CASH

At June 30, 1996 and 1995, the carrying amounts of the Lawtell Waterworks' deposits were \$331,137 and \$291,247, respectively, and the bank balances were \$338,070 and \$298,602, respectively. At June 30, 1996 and 1995, all deposits were covered by federal depository insurance and/or secured by collateral pledged.

NOTE 3 - ACCOUNTS RECEIVABLE

The accounts receivable of the Lawtell Waterworks District No. One consist of uncollected billed and unbilled utility services as shown below:

|                               | <u>JUNE 30,</u> |               |
|-------------------------------|-----------------|---------------|
|                               | <u>1996</u>     | <u>1995</u>   |
| Uncollected billed receivable | \$24,348        | \$21,549      |
| Unbilled receivable           | 6,846           | 6,373         |
| NSF checks receivable         | <u>19</u>       | <u>171</u>    |
|                               | 31,213          | 28,093        |
| Allowance                     | <u>1,564</u>    | <u>194</u>    |
|                               | <u>29,649</u>   | <u>27,899</u> |

LAWTELL WATERWORKS DISTRICT NO. ONE OF ST. LANDRY PARISH  
LAWTELL, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1996 AND 1995

NOTE 4 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents at each balance sheet date are made up of the following accounts:

|  | JUNE 30, |          |
|--|----------|----------|
|  | 1996     | 1995     |
| Revenue Account                        |          |          |
| Cash in checking account               | \$37,747 | \$10,874 |
| Cash in money market account           | 51,916   | 25,002   |
| Revenue Bond and Interest Sinking Fund |          |          |
| Cash in checking account               | 660      | 660      |
| Revenue Bond Reserve Fund              |          |          |
| Cash in checking account               | 32,607   | 31,884   |
| Meter Deposit Fund                     |          |          |
| Cash in checking account               | 3,386    | 1,744    |
| Cash in money market accounts          | 5,114    | 5,000    |
|  | 131,430  | 75,164   |

NOTE 5 - RESTRICTED ASSETS

Revenue Bond and Interest Sinking Fund

This Fund, as required by the Bond Resolution, is used for the annual payment of principal and the semi-annual payment of interest on the outstanding bonds. This is accomplished by transferring from the Operating Fund, monthly in advance, on or before the fifteenth day of each month, a sum equal to one-sixth of the amount of the semi-annual interest due January 1 and July 1, and one-twelfth of the amount of annual principal due January 1.

Revenue Bond Reserve Fund

This Fund, as required by the Bond Resolution, is established for the purpose of paying the principal and interest on the bonds payable from the above mentioned Revenue Bond and Interest Sinking Fund, when monies in that Fund are not sufficient to pay. Monies are to be transferred into this Fund from the Operating Fund. These monies are a sum equal to twenty percent of that sum transferred to the Revenue Bond and Interest Sinking Fund until such time as the Fund shall equal \$40,000 and, thereafter, as may be necessary to maintain said reserve at \$40,000.

Replacement and Extension Fund

This account was established by depositing in the bank from the Operating Fund a sum of \$200 per month until the balance in the Fund equals \$20,000 and, thereafter, as may be necessary to maintain the \$20,000 balance. The monies in the Fund may be withdrawn and used for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, replacements, extensions and

LAWTELL WATERWORKS DISTRICT NO. ONE OF ST. LANDRY PARISH  
LAWTELL, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1996 AND 1995

NOTE 5 - RESTRICTED ASSETS (Continued)

paying the costs of improvements to the system which will either enhance its revenue-producing capacity or provide a higher degree of service. Also, in the event the available balance in the Revenue Bond and Interest Sinking Fund and/or the Revenue Bond Reserve Fund shall at any principal or interest payment date be insufficient to pay the next installment of principal and/or interest and to maintain the required reserve of \$40,000, transfers from this Fund shall be made to eliminate the deficiencies.

NOTE 6 - PROPERTY, PLANT, AND EQUIPMENT

The following is a summary of the property, plant, and equipment of the Proprietary Fund at June 30, 1996:

| <u>Description of Property</u> | <u>Life in Years</u> | <u>Basis</u>   | <u>Accumulated Depreciation</u> | <u>Net</u>     | <u>Depreciation This Year</u> |
|--------------------------------|----------------------|----------------|---------------------------------|----------------|-------------------------------|
| Construction in progress       |                      | \$6,793        |                                 | \$6,793        |                               |
| Water system                   | 40                   | 832,458        | \$351,345                       | 481,113        | \$20,812                      |
| Machinery and equipment        | 5-10                 | 36,213         | 35,064                          | 1,149          | 378                           |
| Equipment shed                 | 15                   | 2,519          | 2,519                           |                |                               |
| Land                           |                      | <u>5,411</u>   |                                 | <u>5,411</u>   |                               |
| <u>Totals</u>                  |                      | <u>883,394</u> | <u>388,928</u>                  | <u>494,466</u> | <u>21,190</u>                 |

The following is a summary of the property, plant, and equipment of the Proprietary Fund at June 30, 1995:

| <u>Description of Property</u> | <u>Life in Years</u> | <u>Basis</u>   | <u>Accumulated Depreciation</u> | <u>Net</u>     | <u>Depreciation This Year</u> |
|--------------------------------|----------------------|----------------|---------------------------------|----------------|-------------------------------|
| Water system                   | 40                   | \$832,458      | \$330,533                       | \$501,925      | \$20,812                      |
| Machinery and equipment        | 5-10                 | 36,213         | 34,686                          | 1,527          | 1,205                         |
| Equipment shed                 | 15                   | 2,519          | 2,519                           |                |                               |
| Land                           |                      | <u>5,411</u>   |                                 | <u>5,411</u>   |                               |
| <u>Totals</u>                  |                      | <u>876,601</u> | <u>367,738</u>                  | <u>508,863</u> | <u>22,017</u>                 |

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LAWTELL, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1996 AND 1995

NOTE 7 - BONDS PAYABLE

The original amount of the bond issue was \$470,000. The bonds are negotiable interest-bearing coupon bonds dated January 1, 1970, and are numbered 1 to 106, inclusive, and in denominations of \$1,000 and \$5,000. The bonds bear interest at 4.75%. Interest is payable semi-annually on January 1 and July 1 of each year. The bonds mature serially in stated amounts on each January 1 from 1972 to 2009, inclusive.

A summary of changes in bonds payable is as follows:

|   |                |
|---|----------------|
| Balance of bonds payable, July 1, 1994  | \$325,000      |
| Payment, January 1, 1995                | <u>15,000</u>  |
| Balance, June 30, 1995                  | 310,000        |
| Payment, January 1, 1996                | <u>15,000</u>  |
| Balance of bonds payable, June 30, 1996 | <u>295,000</u> |

The annual requirements to retire bonds payable at June 30, 1996 are as follows:

| <u>Year Ending</u><br><u>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>   |
|--------------------------------------|------------------|-----------------|----------------|
| 1997                                 | \$15,000         | \$13,656        | \$28,656       |
| 1998                                 | 15,000           | 12,944          | 27,944         |
| 1999                                 | 20,000           | 12,113          | 32,113         |
| 2000                                 | 20,000           | 11,163          | 31,163         |
| 2001                                 | 20,000           | 10,313          | 30,313         |
| 2002-2009                            | <u>205,000</u>   | <u>42,057</u>   | <u>247,057</u> |
|                                      | <u>295,000</u>   | <u>102,246</u>  | <u>397,246</u> |

NOTE 8 - BOARD MEMBERS' COMPENSATION

Compensation paid to board members is summarized below:

| <u>Board Members</u> | <u>June 30,</u> |              |
|----------------------|-----------------|--------------|
|                      | <u>1996</u>     | <u>1995</u>  |
| Curtis Miller        | \$180           |              |
| Wilfred Fontenot     | 480             | \$540        |
| Rick Miller          | 60              | 540          |
| Charles Darjean      | 660             | 480          |
| James Bourgeois      | 720             | 540          |
| Lorella Marshall     | 840             | 540          |
| Lee Ann Fontenot     | 240             |              |
| Calvin Thibodeaux    | <u>780</u>      |              |
|                      | <u>3,960</u>    | <u>2,640</u> |

LAWTELL WATERWORKS DISTRICT NO. ONE OF ST. LANDRY PARISH  
LAWTELL, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1996 AND 1995

NOTE 9 - WATER RATES

The water rate schedule (per month) for the years ending June 30, 1996 and 1995 is as follows:

|                        |                     |
|------------------------|---------------------|
| First 2,000 gallons    | \$9.00 (minimum)    |
| All over 2,000 gallons | .20 per 100 gallons |

NOTE 10 - FUND EQUITY

The District did not have a negative retained earnings in either fiscal year.

NOTE 11 - WATER LINE EXTENSIONS

On May 29, 1996, the District signed a contract with Bihm & Myers Contractors, Inc. and accepted their bid on water line extensions in the amount of \$68,204.47. The actual construction began on July 23, 1996.



SUPPLEMENTAL INFORMATION

LAWTELL WATERWORKS DISTRICT NO. ONE OF ST. LANDRY PARISH  
LAWTELL, LOUISIANA  
SCHEDULE OF INSURANCE IN FORCE  
JUNE 30, 1996  
(UNAUDITED)

The following is a recap of the policies in force:

| <u>Type of Coverage and Name of Company</u>                                   | <u>Policy Period</u> |           | <u>Details of Coverage</u>   | <u>Liability Limits</u>  |
|---|----------------------|-----------|--|--|
|   | <u>From</u>          | <u>To</u> |  |  |
| 1. <u>Commercial Property</u><br>Trinity Universal Insurance Company          | 11/11/95             | 11/11/96  | Building #1<br>Building #1<br>Personal Business property<br>Building #2<br>Water tank<br>Fence<br>Water pump and motor<br>Warehouse                            | \$40,000<br>100,000<br>8,500<br>200,000<br>2,000<br>8,500<br>2,927   |
| 2. <u>Commercial General Liability</u><br>Trinity Universal Insurance Company | 11/11/95             | 11/11/96  | General liability<br>General aggregate<br>Each occurrence<br>Personal and advertising injury<br>Medical expenses, any one person<br>Fire damages, any one fire | 1,000,000<br>500,000<br>500,000<br>5,000<br>50,000   |
| 3. <u>Commercial Inland Marine</u><br>Trinity Universal Insurance Company     | 11/11/95             | 11/11/96  | 1974 Ford tractor with backhoe,<br>front end loader<br>Ditch witch   | 13,282<br>3,000  |
| 4. <u>Commercial Auto</u><br>Trinity Universal Insurance Company              | 11/11/95             | 11/11/96  | Liability<br>Uninsured motorist<br>Physical damage   | Each accident 300,000<br>Each accident 300,000<br>Actual cash value or cost of repair, whichever is less, minus deductible |
| 5. <u>Worker's Compensation</u><br>Clarendon National Insurance Company       | 3/18/96              | 3/18/97   | Bodily injury - accident<br>Bodily injury - injury<br>Bodily injury - injury   | Each accident 100,000<br>Policy limit 500,000<br>Each employee 100,000   |
| 6. <u>Surety Bond</u><br>Fidelity and Deposit Company of Maryland             | 4/28/96              | 4/28/97   | Public employees<br>Bill collectors at<br>Lawtell Fast Foods   | Aggregate 100,000<br>Each occurrence 10,000<br>Deductible 250  |



**JOHN S. DOWLING & COMPANY**  
 A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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

The Board of Directors  
 Lawtell Waterworks District No. One  
 of St. Landry Parish  
 Lawtell, Louisiana

We have audited the component unit financial statements of Lawtell Waterworks District No. One of St. Landry Parish, for the year ended June 30, 1996, and have issued our report thereon dated October 2, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Lawtell Waterworks District No. One is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the component unit financial statements of Lawtell Waterworks District No. One of St. Landry Parish, for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

P.O. Box 433 4766 I-49 North Service Road Opelousas, Louisiana 70571-0433 Telephone 318-948-4848 Telefax 318-948-6109

• Harold Dupre, CPA • Joel Lanclos, Jr., CPA • Dwight Ledoux, CPA • Russell J. Stelly, CPA • John Newton Stout, CPA •  
 • Chizal S. Fontenot, CPA • James L. Nicholson, Jr., CPA • G. Kenneth Pavy, II, CPA •



**JOHN S. DOWLING & COMPANY**  
 A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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

The Board of Directors  
 Lawtell Waterworks District No. One  
 of St. Landry Parish  
 Lawtell, Louisiana

We have audited the component unit financial statements of Lawtell Waterworks District No. One of St. Landry Parish, as of and for the year ended June 30, 1996, and have issued our report thereon dated October 2, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Lawtell Waterworks District No. One of St. Landry Parish, is the responsibility of the Water District's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Lawtell Waterworks' compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Lawtell Waterworks District No. One of St. Landry Parish, Louisiana, its Board of Directors, and appropriate regulatory agency. However, this report is a matter of public record and its distribution is not limited.

*John S. Dowling & Company*

Opelousas, Louisiana  
 October 2, 1996

LAWTELL WATERWORKS DISTRICT NO. ONE OF ST. LANDRY PARISH  
LAWTELL, LOUISIANA  
COMPARATIVE BALANCE SHEETS (CONTINUED)  
JUNE 30, 1996 AND 1995

LIABILITIES AND FUND EQUITY

|   | <u>PROPRIETARY FUND TYPE</u> |                      |
|---|------------------------------|----------------------|
|   | <u>JUNE 30, 1996</u>         | <u>JUNE 30, 1995</u> |
| <u>LIABILITIES</u>                                  |                              |                      |
| <u>CURRENT LIABILITIES</u> (from current assets)    |                              |                      |
| Payroll taxes payable                               | \$1,136                      | \$1,171              |
| Sales taxes payable                                 | 679                          | 649                  |
| <u>Total</u>  | <u>1,815</u>                 | <u>1,820</u>         |
| <u>CURRENT LIABILITIES</u> (from restricted assets) |                              |                      |
| Customer meter deposits                             | 16,768                       | 14,151               |
| Revenue bonds payable - current portion             | 15,000                       | 15,000               |
| <u>Total</u>  | <u>31,768</u>                | <u>29,151</u>        |
| <u>LONG-TERM LIABILITIES</u>                        |                              |                      |
| Revenue bonds payable                               | 295,000                      | 310,000              |
| Less: current portion                               | (15,000)                     | (15,000)             |
| <u>Total</u>  | <u>280,000</u>               | <u>295,000</u>       |
| <u>Total liabilities</u>                            | <u>313,583</u>               | <u>325,971</u>       |
| <u>FUND EQUITY</u>                                  |                              |                      |
| <u>CONTRIBUTED CAPITAL</u>                          |                              |                      |
| Grant from state of Louisiana                       | 90,000                       | 90,000               |
| <u>Total contributed capital</u>                    | <u>90,000</u>                | <u>90,000</u>        |
| <u>RETAINED EARNINGS</u>                            |                              |                      |
| Reserved for bond retirement                        | 40,000                       | 40,000               |
| Reserved for replacements and extensions            | 20,000                       | 20,000               |
| Reserved for meter deposits                         | 8,720                        | 9,011                |
| Unreserved  | 386,826                      | 347,990              |
| <u>Total retained earnings</u>                      | <u>455,546</u>               | <u>417,001</u>       |
| <u>Total fund equity</u>                            | <u>545,546</u>               | <u>507,001</u>       |
| <u>Total liabilities and fund equity</u>            | <u>859,129</u>               | <u>832,972</u>       |

The accompanying notes are an integral part of these statements.

LAWTELL WATERWORKS DISTRICT NO. ONE OF ST. LANDRY PARISH  
LAWTELL, LOUISIANA  
COMPARATIVE BALANCE SHEETS  
JUNE 30, 1996 AND 1995

|   | <u>ASSETS</u>                |                      |
|---|------------------------------|----------------------|
|   | <u>PROPRIETARY FUND TYPE</u> |                      |
|   | <u>JUNE 30, 1996</u>         | <u>JUNE 30, 1995</u> |
| <u>CURRENT ASSETS</u>                       |                              |                      |
| Revenue Account                             |                              |                      |
| Cash in checking account                    | \$37,747                     | \$10,874             |
| Interest-bearing deposits                   | <u>133,298</u>               | <u>128,388</u>       |
| <u>Total</u>                                | <u>171,045</u>               | <u>139,262</u>       |
| <br>  |                              |                      |
| Revenue Bond and Interest Sinking Fund      |                              |                      |
| Cash in checking account                    | 660                          | 660                  |
| Interest-bearing deposits                   | 46,571                       | 44,047               |
| Less: restricted portion                    | <u>(15,000)</u>              | <u>(15,000)</u>      |
| <u>Net</u>                                  | <u>32,231</u>                | <u>29,707</u>        |
| <br>  |                              |                      |
| Revenue Bond Reserve Fund                   |                              |                      |
| Cash in checking account                    | 32,607                       | 31,884               |
| Interest-bearing deposits                   | 28,609                       | 27,287               |
| Less: restricted portion                    | <u>(40,000)</u>              | <u>(40,000)</u>      |
| <u>Net</u>                                  | <u>21,216</u>                | <u>19,171</u>        |
| <br>  |                              |                      |
| Replacement and Extension Fund              |                              |                      |
| Interest-bearing deposits                   | 26,157                       | 24,945               |
| Less: restricted portion                    | <u>(20,000)</u>              | <u>(20,000)</u>      |
| <u>Net</u>                                  | <u>6,157</u>                 | <u>4,945</u>         |
| <br>  |                              |                      |
| Accounts receivable (net)                   | 29,649                       | 27,899               |
| Prepaid insurance                           | 3,877                        | 4,607                |
| Prepaid interest                            |                              | 356                  |
| <u>Total</u>                                | <u>33,526</u>                | <u>32,862</u>        |
| <br>  |                              |                      |
| <u>Total current assets</u>                 | <u>264,175</u>               | <u>225,947</u>       |
| <br><u>RESTRICTED ASSETS</u>                |                              |                      |
| Revenue Bond and Interest Sinking Fund      | 15,000                       | 15,000               |
| Revenue Bond Reserve Fund                   | 40,000                       | 40,000               |
| Replacement and Extension Fund              | 20,000                       | 20,000               |
| Meter Deposit Fund                          |                              |                      |
| Cash in checking account                    | 3,386                        | 1,744                |
| Interest-bearing deposits                   | <u>22,102</u>                | <u>21,418</u>        |
| <u>Total restricted assets</u>              | <u>100,488</u>               | <u>98,162</u>        |
| <br><u>PROPERTY, PLANT, AND EQUIPMENT</u>   |                              |                      |
| Equipment shed                              | 2,519                        | 2,519                |
| Machinery and equipment                     | 36,213                       | 36,213               |
| Water system                                | 832,458                      | 832,458              |
| Less: accumulated depreciation              | <u>(388,928)</u>             | <u>(367,738)</u>     |
| Land and right-of-way                       | 5,411                        | 5,411                |
| Construction in progress                    | <u>6,793</u>                 |                      |
| <u>Total property, plant, and equipment</u> | <u>494,466</u>               | <u>508,863</u>       |
| <br>  |                              |                      |
| <u>Total assets</u>                         | <u>859,129</u>               | <u>832,972</u>       |

These statements continued on next page.



**JOHN S. DOWLING & COMPANY**  
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Lawtell Waterworks District No. One  
of St. Landry Parish  
Lawtell, Louisiana

We have audited the accompanying financial statements of the Lawtell Waterworks District No. One of St. Landry Parish, a component unit of the St. Landry Parish Police Jury, as of and for the years ended June 30, 1996 and 1995, as listed in the foregoing table of contents. These component unit financial statements are the responsibility of the Waterworks District's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Lawtell Waterworks District No. One of St. Landry Parish, as of June 30, 1996 and 1995, and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated October 2, 1996 on our consideration of Lawtell Waterworks District No. One's internal control structure and a report dated October 2, 1996 on its compliance with laws and regulations.

Our audits were conducted for the purpose of forming an opinion on the component unit financial statements taken as a whole. The Schedule of Insurance in Force is presented for purposes of additional analysis and is not a required part of the component unit financial statements of Lawtell Waterworks District No. One of St. Landry Parish. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements of Lawtell Waterworks District No. One of St. Landry Parish and, accordingly, we express no opinion on it.

*John S. Dowling & Company*  
Opelousas, Louisiana  
October 2, 1996

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LAWTELL WATERWORKS DISTRICT NO. ONE  
OF ST. LANDRY PARISH  
LAWTELL, LOUISIANA  
ANNUAL FINANCIAL REPORT  
FOR THE YEARS ENDED JUNE 30, 1996 AND 1995

**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 ~~DEC 04 1996~~

LAWTELL WATERWORKS DISTRICT NO. ONE OF ST. LANDRY PARISH  
LAWTELL, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1996 AND 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practices of the Lawtell Waterworks District No. One conform to generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. The Reporting Entity

The Lawtell Waterworks District No. One of St. Landry Parish, Louisiana was created by the St. Landry Parish Police Jury on June 8, 1965 and is a component unit of the St. Landry Parish Police Jury.

As the governing authority of the parish, for reporting purposes, the St. Landry Parish Police Jury is the financial reporting entity for St. Landry Parish.

The financial reporting entity consists of (a) the primary government (police jury) (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the St. Landry Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the police jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

LAWTELL WATERWORKS DISTRICT NO. ONE OF ST. LANDRY PARISH  
LAWTELL, LOUISIANA  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS  
FOR THE YEARS ENDED JUNE 30, 1996 AND 1995

|   | <u>PROPRIETARY FUND TYPE</u> |                      |
|---|------------------------------|----------------------|
|   | <u>JUNE 30, 1996</u>         | <u>JUNE 30, 1995</u> |
| <u>OPERATING REVENUES</u>                       |                              |                      |
| Water sales                                     | \$204,179                    | \$169,834            |
| Water connections                               | 3,750                        | 3,550                |
| Miscellaneous                                   | <u>1,572</u>                 | <u>1,770</u>         |
| <u>Total operating revenues</u>                 | <u>209,501</u>               | <u>175,154</u>       |
| <br><u>OPERATING EXPENSES</u>                   |                              |                      |
| Bad debts                                       | 1,507                        | 51                   |
| Bank charges                                    | 1                            | 7                    |
| Dues and subscriptions                          | 150                          | 150                  |
| Legal and accounting                            | 5,237                        | 4,870                |
| Meetings and conventions                        | 310                          | 2,359                |
| Office supplies                                 | 4,597                        | 4,948                |
| Chemicals                                       | 9,179                        | 7,842                |
| Salaries  | 43,203                       | 42,210               |
| Collection of bills                             | 6,000                        | 6,000                |
| Insurance - group                               | 4,884                        | 5,600                |
| Insurance - other                               | 7,353                        | 7,463                |
| Miscellaneous                                   | 590                          | 460                  |
| Repairs and maintenance                         | 44,131                       | 15,440               |
| Small tools and supplies                        | 771                          | 2,076                |
| Taxes, permits and licenses                     | 3,470                        | 3,510                |
| Telephone                                       | 805                          | 695                  |
| Truck   | 4,999                        | 4,858                |
| Utilities                                       | 9,639                        | 7,453                |
| Depreciation                                    | <u>21,190</u>                | <u>22,017</u>        |
| <u>Total operating expenses</u>                 | <u>168,016</u>               | <u>138,009</u>       |
| <br><u>Operating income</u>                     | <u>41,485</u>                | <u>37,145</u>        |
| <br><u>NONOPERATING REVENUES (EXPENSES)</u>     |                              |                      |
| Interest income                                 | 11,429                       | 8,718                |
| Interest expense on revenue bonds               | <u>(14,369)</u>              | <u>(15,081)</u>      |
| <u>Total nonoperating revenues (expenses)</u>   | <u>(2,940)</u>               | <u>(6,363)</u>       |
| <br><u>Net income</u>                           | 38,545                       | 30,782               |
| <br><u>RETAINED EARNINGS, beginning of year</u> | <u>417,001</u>               | <u>386,219</u>       |
| <br><u>RETAINED EARNINGS, end of year</u>       | <u>455,546</u>               | <u>417,001</u>       |

The accompanying notes are an integral part of these statements.

RELATED REPORTS

LAWTELL WATERWORKS DISTRICT NO. ONE OF ST. LANDRY PARISH  
LAWTELL, LOUISIANA  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 1996 AND 1995

|   | <u>JUNE 30, 1996</u> | <u>JUNE 30, 1995</u> |
|---|----------------------|----------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u>   |                      |                      |
| Cash received from customers  | \$209,027            | \$175,570            |
| Cash paid to suppliers  | (101,559)            | (83,618)             |
| Cash paid to employees  | (43,203)             | (42,210)             |
| <u>Net cash provided (used) by operating activities</u>                                 | <u>64,265</u>        | <u>49,742</u>        |
| <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>                         |                      |                      |
| Construction in progress (water lines)  | (6,793)              |                      |
| Purchase of property, plant and equipment   |                      | (524)                |
| Interest paid on bonds  | (14,013)             | (15,437)             |
| Principal paid on revenue bonds   | (15,000)             | (15,000)             |
| <u>Net cash provided (used) by capital and related financing activities</u>             | <u>(35,806)</u>      | <u>(30,961)</u>      |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>   |                      |                      |
| Interest earned   | 11,429               | 8,718                |
| Net transfer of investment securities   | 16,378               | (7,698)              |
| <u>Net cash provided (used) by investing activities</u>                                 | <u>27,807</u>        | <u>1,020</u>         |
| <u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>                             | <u>56,266</u>        | <u>19,801</u>        |
| <u>CASH AND CASH EQUIVALENTS, beginning of year</u>                                     | <u>75,164</u>        | <u>55,363</u>        |
| <u>CASH AND CASH EQUIVALENTS, end of year</u>   | <u>131,430</u>       | <u>75,164</u>        |
| <u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>  |                      |                      |
| Operating income  | \$41,485             | \$37,145             |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                      |                      |
| Depreciation  | 21,190               | 22,017               |
| Changes in assets and liabilities   |                      |                      |
| (Increase) decrease in accounts receivable  | (1,750)              | (7,376)              |
| (Increase) decrease in prepaid insurance  | 729                  | (2,964)              |
| Increase (decrease) in sales taxes payable  | 30                   | 167                  |
| Increase (decrease) in payroll taxes payable  | (35)                 | 261                  |
| Increase (decrease) in customer meter deposits  | 2,616                | 492                  |
| <u>Total adjustments</u>  | <u>22,780</u>        | <u>12,597</u>        |
| <u>Net cash provided (used) by operating activities</u>                                 | <u>64,265</u>        | <u>49,742</u>        |

The accompanying notes are an integral part of these statements.