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BERWICK - BAYOU VISTA
JOINT WATERWORKS COMMISSION
OF THE
PARISH OF ST. MARY
STATE OF LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
SEPTEMBER 30, 1999 and 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 MAR 29 2000

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Berwick - Bayou Vista Joint Waterworks Commission
Parish of St. Mary
State of Louisiana
P.O. Box 322
Berwick, Louisiana 70342

We have audited the accompanying financial statements of Berwick - Bayou Vista Joint Waterworks Commission, a joint venture of the Town of Berwick & Waterworks District No. 2 of the Parish of St. Mary, State of Louisiana, as of and for the years ended September 30, 1999 and 1998, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Berwick - Bayou Vista Joint Waterworks Commission as of September 30, 1999 and 1998, and the results of its operations and the cash flows for the proprietary fund for the years then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information, as listed in the table of contents, while not considered necessary for a fair presentation of the financial statements, is presented as supplementary analytical data.

Such information, except for that portion marked "unaudited", on which we express no opinion, has been subjected to auditing procedures applied in the audit of the financial statements, and in our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated January 11, 2000 on our consideration of Berwick-Bayou Vista Joint Waterworks Commission's compliance and on internal control over financial reporting based on an audit of financial statements.

Adams & Johnson

ADAMS & JOHNSON
Certified Public Accountants

Patterson, Louisiana
January 11, 2000

FINANCIAL STATEMENTS

BERWICK - BAYOU VISTA JOINT WATERWORKS COMMISSION
INTERNAL SERVICE FUND

BALANCE SHEETS - PROPRIETARY FUND TYPE
September 30, 1999 and 1998

	<u>9-30-99</u>	<u>9-30-98</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 14,285	\$ 11,978
Due from Participants	28,058	25,329
Prepaid Insurance	3,666	3,196
Restricted Assets		
Cash	138,484	125,202
Certificates of Deposit	24,017	22,925
Due from Other Governmental Units	4,544	2,738
Accrued Interest	<u>162</u>	<u>---</u>
TOTAL CURRENT ASSETS	\$ 213,216	\$ 191,368
PROPERTY, PLANT, & EQUIPMENT		
Net of Accumulated Depreciation	43,987	34,916
OTHER ASSETS		
Deposits - Insurance	<u>1,242</u>	<u>1,242</u>
TOTAL ASSETS	\$ 258,445	\$ 227,526
	=====	=====
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
Accounts Payable	\$ 16,588	\$ 13,285
Payroll Taxes Payable	560	625
Retirement Payable	<u>1,232</u>	<u>1,307</u>
TOTAL CURRENT LIABILITIES	\$ 18,380	\$ 15,217
LONG-TERM LIABILITIES		
Due to Participants	\$ <u>22,000</u>	\$ <u>22,000</u>
TOTAL LONG-TERM LIABILITIES	<u>22,000</u>	<u>22,000</u>
TOTAL LIABILITIES	\$ 40,380	\$ 37,217
RETAINED EARNINGS		
Reserved	\$ 167,207	\$ 150,865
Unreserved	<u>50,858</u>	<u>39,444</u>
TOTAL FUND EQUITY	<u>218,065</u>	<u>190,309</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ 258,445	\$ 227,526
	=====	=====

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

BERWICK - BAYOU VISTA JOINT WATERWORKS COMMISSION
INTERNAL SERVICE FUND

STATEMENTS OF REVENUES AND EXPENSES - PROPRIETARY FUND TYPE
For the Years Ended September 30, 1999 and 1998

	<u>9-30-99</u>	<u>9-30-98</u>
OPERATING REVENUES		
Charges for Services	\$ 293,901	\$ 296,605
Additional 8 cents/1,000 Gallons Charge	<u>37,816</u>	<u>36,083</u>
TOTAL OPERATING REVENUES	\$ 331,717	\$ 332,688
OPERATING EXPENSES		
Advertising	\$ 873	\$ 408
Auto	2,790	---
Chemicals	20,563	19,509
Insurance	43,009	40,948
Janitorial Supplies	1,929	1,509
Secretary/Bookkeeping	5,000	4,100
Auditing	3,195	2,995
Miscellaneous	1,198	1,857
Office Supplies	1,919	1,058
Repairs and Maintenance	8,816	16,329
Major Repairs	6,542	3,294
Salaries	127,085	125,249
Taxes - Payroll	1,121	150
Utilities	53,261	57,181
Retirement	12,890	12,682
Engineering	9,187	4,904
Depreciation	4,461	4,006
Dues and Subscriptions	333	150
Lab Fees	3,017	6,974
Equipment Rental	173	2,420
Uniforms	692	1,110
Licenses	<u>325</u>	<u>628</u>
TOTAL OPERATING EXPENSES	<u>308,379</u>	<u>307,461</u>
OPERATING INCOME	\$ 23,338	\$ 25,227
OTHER INCOME		
Interest Income Earned on Savings and Certificates of Deposit	<u>4,418</u>	<u>4,348</u>
NET INCOME	\$ 27,756 =====	\$ 29,575 =====

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

BERWICK - BAYOU VISTA JOINT WATERWORKS COMMISSION
INTERNAL SERVICE FUND

STATEMENTS OF CHANGES IN RETAINED EARNINGS - PROPRIETARY FUND TYPE
For the Years Ended September 30, 1999 and 1998

	<u>9-30-99</u>	<u>9-30-98</u>
BALANCE, BEGINNING	\$ 190,309	\$ 160,734
ADD: NET INCOME	<u>27,756</u>	<u>29,575</u>
BALANCE, ENDING	\$ 218,065 =====	\$ 190,309 =====

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

BERWICK - BAYOU VISTA JOINT WATERWORKS COMMISSION
INTERNAL SERVICE FUND

STATEMENTS OF CASH FLOWS - PROPRIETARY FUND TYPE
For the Years Ended September 30, 1999 and 1998

	<u>9-30-99</u>	<u>9-30-98</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from participants	\$ 327,182	\$ 331,888
Cash payments for personal services	<127,085>	<125,249>
Cash payments for supplies and operating services	<u><174,140></u>	<u><175,783></u>
 Net cash provided by operating activities	 \$ 25,957	 \$ 30,856
CASH FLOWS (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	< 13,532>	< 3,047>
CASH FLOWS FROM INVESTING AND NON- OPERATING REVENUE AND EXPENSE ACTIVITIES:		
Interest Income	<u>4,256</u>	<u>4,811</u>
 Net increase in cash and cash equivalents	 \$ 16,681	 \$ 32,620
Cash and cash equivalents at beginning of year	<u>160,105</u>	<u>127,485</u>
Cash and cash equivalents at end of year	\$ 176,786 =====	\$ 160,105 =====

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

BERWICK - BAYOU VISTA JOINT WATERWORKS COMMISSION
INTERNAL SERVICE FUND

STATEMENTS OF CASH FLOWS - PROPRIETARY FUND TYPE
For the Years Ended September 30, 1999 and 1998

	<u>9-30-99</u>	<u>9-30-98</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 23,338	\$ 25,227
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation	4,461	4,006
CHANGE IN ASSETS AND LIABILITIES:		
<Increase> in due from other governmental units	< 4,535>	< 800>
<Increase> Decrease in prepaid expenses	< 470>	82
Increase in accounts payable	3,303	2,507
<Decrease> in payroll taxes payable	< 65>	< 60>
<Decrease> in retirement payable	< 75>	< 106>
Net cash provided by operating activities	\$ 25,957 =====	\$ 30,856 =====

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

BERWICK - BAYOU VISTA JOINT WATERWORKS COMMISSION

NOTES TO FINANCIAL STATEMENTS
September 30, 1999 and 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Berwick-Bayou Vista Joint Waterworks Commission was established in 1961 as a joint venture between the Town of Berwick and St. Mary Parish Waterworks District No. 2. The Commission is composed of, and managed by, four board members. The Commission's sole responsibility and duty is to maintain, operate, administer and produce water for human consumption by utilizing the Joint Waterworks System.

The accounting and reporting policies of the Commission conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517, and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A) Fund Structure:

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities, or attaining certain objectives in accordance with special regulations, restrictions or limitations.

PROPRIETARY FUND TYPE

Internal Service Fund - An Internal Service fund is used to account for the financing of special activities and services performed by a designated organizational unit, within a governmental jurisdiction for other organizational units within the same governmental jurisdiction.

- B) 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. The Commission's accounting system uses the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.
- C) Investments:
 Investments are stated at cost.
- D) Accumulated Vacation, Compensatory Time and Sick Leave:
 Accumulated vacation, compensatory time and sick leave are recorded as an expenditure of the period in which earned. At September 30, 1999 and 1998, unrecorded liabilities for the above are an immaterial amount.
- E) Property, Plant, and Equipment:
 Property, plant, and equipment are stated at historical cost or estimated historical cost if actual historical cost are not available. Additions, improvements, and expenditures that add materially to productive capacity, or extend the life of an asset, are capitalized.

Depreciation is charged as an expense against operations. Depreciation has been provided over the estimated economic lives of the assets by the straight-line method. The estimated useful lives are as follows:

Equipment	5 - 40 years
Improvements	10 - 40 years

- F) Statement of Cash Flows:
 For the purposes of the statement of cash flows, the Berwick-Bayou Vista Joint Waterworks Commission considers all cash and certificates of deposit with a maturity of less than one year, including restricted assets, to be cash or cash equivalents.
- G) Reporting Entity:
 Berwick - Bayou Vista Joint Waterworks Commission was established by a joint venture between two participants, the Town of Berwick and the St. Mary Parish Waterworks District No. 2. The Commission's sole responsibility and duty is to maintain and operate the Joint Waterworks system. Each participant accounts for their equity interest in Berwick - Bayou Vista Joint Waterworks on their own financial statement.

NOTE 2 - CASH AND CASH EQUIVALENTS

Statutes authorize the Commission to invest in certificates of deposit, repurchase agreements, passbooks, bankers acceptances and other available bank investments provided that approved securities are pledged to secure those funds on deposit, as required. Cash and interest bearing deposits as of September 30, 1999 and 1998 were as follows:

	<u>September 30</u> 1999	<u>September 30</u> 1998
Demand deposits	\$ 14,285	\$ 11,978
Money market accounts	138,484	125,202
Certificate of deposit	<u>24,017</u>	<u>22,925</u>
Total	\$ 176,786 =====	\$ 160,105 =====

The District's cash and investments are categorized to give an indication of the level of risk assumed by the District at September 30, 1999 & 1998:

- Category 1 - Insured or collateralized with securities held by the District or by its agent in the District's name.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
- Category 3 - Uncollateralized or securities uninsured or unregistered and held by the counter party.

Cash and investments categorized by the level of risk are:

	<u>9-30-99</u>	<u>9-30-98</u>
Category 1	\$ 124,117	\$ 134,903
Category 2	\$ ---	\$ 25,202
Category 3	<u>52,669</u>	<u>---</u>
Total Cash and Investments	\$ 176,786 =====	\$ 160,105 =====

NOTE 3 - PROPERTY, PLANT, AND EQUIPMENT

Depreciation was \$4,461 and \$4,006 for the years ended September 30, 1999 and 1998.

<u>Property</u>	<u>Balance</u> <u>9-30-98</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>9-30-99</u>
Improvements	\$17,876	\$ 13,532	-0-	\$ 31,408
Equipment	33,136	-0-	-0-	33,136
Accumulated Depreciation	<16,096>	<4,461>	-0-	<20,557>
Net of Accum. Depreciation	\$34,916			\$ 43,987
	=====			=====

NOTE 4 - PENSION PLAN

All full-time employees of Berwick - Bayou Vista Joint Waterworks Commission are members of the Parochial Employees Retirement Systems of Louisiana, multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of Berwick - Bayou Vista Joint Waterworks Commission are members of Plan B.

All permanent employees working at least 28 hours per week who are paid wholly or in part from Berwick - Bayou Vista Joint Waterworks Commission funds are eligible to participate in the System. Under Plan B, employees who retire at or after age 62 with at least 10 years of creditable service or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average.

Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

State statute requires covered employees to contribute a percentage of their salaries to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

Covered employees are required by the State Legislature to contribute 2.00% of their gross salary to the plan. The Commission was required by the same statute to contribute 2.50% in 1999 and 2.50% in 1998 of each employee's gross salary to the plan. The Commission's contributions for the year ended September 30, 1999 and 1998 were \$ 3,177 and \$ 3,100.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employee Retirement System, Post Office Box 14619, Baton Rouge Louisiana 70898-4619 or by calling (225) 928-1361.

Retirement Plan - All Berwick - Bayou Vista Joint Waterworks Commission's employees are covered under the Federal Insurance Contribution Act (Social Security). The Commission's contributions for the above plan totaled \$9,713 and \$9,582 for the years ended September 30, 1999 and 1998. This was paid to the respective retirement systems which are responsible for administering the plan.

NOTE 5 - BOARD OF COMMISSIONERS

The Board of Commissioners consists of four members, two each appointed by the Town and the District. According to the terms of the agreement, any compensation or expense reimbursement is to be paid by the Town and the District. For the years ended September 30, 1999 and 1998, no payments were made by Berwick-Bayou Joint Waterworks Commission to the Board of Commissioners.

NOTE 6 - TOTAL DUE TO AND FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units consist of unrestricted and restricted receivables. Due to and from other governmental units consisted of the following:

	<u>September 30, 1999</u>	
	<u>Due from</u>	<u>Due to</u>
Town of Berwick	\$ 20,288	\$ 12,250
St. Mary Waterworks District No. 2	<u>12,314</u>	<u>9,750</u>
Totals	\$ 32,602 =====	\$ 22,000 =====

	<u>September 30, 1998</u>	
	<u>Due from</u>	<u>Due to</u>
Town of Berwick	\$ 16,091	\$ 12,250
St. Mary Waterworks District No. 2	<u>11,976</u>	<u>9,750</u>
Totals	\$ 28,067 =====	\$ 22,000 =====

NOTE 7 - RESTRICTED ASSETS

These funds are set aside for major repairs and capital outlays. Any repairs and capital outlays in excess of \$1,000 are to be paid with these funds. The Commission obtains these funds from the Town and the District by charging a fee of 8 cents per 1,000 gallons of water consumed, until \$200,000 has been accumulated to meet emergency repairs or capital outlay needs. On September 9, 1999 the Commission increased this fee to 12 cents per 1000 gallons of water consumed.

NOTE 8 - RETAINED EARNINGS - RESERVED

The Commission's regulations indicate that a portion of the fund equity can only be used for certain future uses. At the statement date, these funds can only be used for future repairs and capital outlay that exceed \$1,000. Current regulations allow up to \$200,000 of reserved retained earnings to be accumulated for these emergency repairs or capital outlay needs.

NOTE 9 - REPAIR AND REPLACEMENT FEE

This is the source of funding for major repairs and capital outlay equipment that exceed \$1,000. The commission charged its participants a fee of 8 cents per 1,000 gallons consumed for the years ended September 30, 1999 and September 30, 1998. On September 9, 1999 the Commission raised this fee to 12 cents per 1,000 gallons consumed.

NOTE 10 - YEAR 2000 ISSUE

According to GASB Technical Bulletin No. 98-1 it states "the year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely effect the government's operations as early as fiscal year 1999." The Berwick - Bayou Vist Joint Waterworks Commission has inventoried computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting the Commission's operations. The computer systems and other electronic equipment have been assessed, remediated, tested, and validated.

It is unknown as of September 30, 1999, what effects, if any, failing to remediate any such system will have upon the Joint Waterworks operations and financial reporting.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of the remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Joint Waterworks Commission is or will be ready, that their remediation efforts will be successful in whole or in part, or that parties with whom they do business will be year 2000 ready.

NOTE 11 - COMMITMENTS

During the year ended September 30, 1999 the Berwick - Bayou Vista Joint Waterworks Commission entered an intergovernmental agreement for replacement of the waterplant sludge discharge line with the Town of Berwick and Waterworks District No. 2. Their share of the cost of this project was estimated to be \$17,000.

SUPPLEMENTARY INFORMATION

BERWICK - BAYOU VISTA JOINT WATERWORKS COMMISSION

SCHEDULE OF INSURANCE IN FORCE
 For the Years Ended September 30, 1999 and 1998
 (Unaudited)

September 30, 1999

<u>Insurer</u>	<u>Type of Coverage</u>	<u>Amt. of Coverage</u>	<u>Exp. Date</u>
LA Workers' Comp. Corp.	Workers' Compensation		Paid Quarterly
	By Accident	\$ 100,000	
	Aggregate	\$ 500,000	
	Each Employee	\$ 100,000	
Hartford	General Liability		4-18-00
	Bodily Injury:		
	Each Occurrence	\$2,000,000	
	Aggregate	\$2,000,000	
	Medical:		
	Any One Person	\$ 10,000	
Hartford	Fire Damage:		4-18-00
	Any One Fire	\$ 500,000	
Hartford	Auto Liability		4-18-00
	Aggregate	\$2,000,000	
Reliance	Property		2-02-00
	Plant	\$ 931,000	
	Personal Property	\$ 495,000	

BERWICK - BAYOU VISTA JOINT WATERWORKS COMMISSION

SCHEDULE OF INSURANCE IN FORCE (Continued)
 For the Years Ended September 30, 1999 and 1998
 (Unaudited)

September 30, 1998

<u>Insurer</u>	<u>Type of Coverage</u>	<u>Amt. of Coverage</u>	<u>Exp. Date</u>
LA Workers' Comp. Corp.	Workers' Compensation		Paid Quarterly
	By Accident	\$ 100,000	
	Aggregate	\$ 500,000	
	Each Employee	\$ 100,000	
Twin City Fire	General Liability		4-18-99
	Bodily Injury:		
	Each Occurrence	\$2,000,000	
	Aggregate	\$2,000,000	
	Fire Damage:		
	Any One Fire	\$ 500,000	
	Medical		
	Any one person	\$ 10,000	
Hartford	Auto Liability		4-18-99
	Each Accident	\$2,000,000	
Reliance	Property		2-02-99
	Plant	\$ 931,000	
	Personal Property	\$ 495,000	

BERWICK - BAYOU VISTA JOINT WATERWORKS COMMISSION
INTERNAL SERVICE FUND

SUMMARY OF CHARGES FOR THE PAST TWENTY THREE REPORTING PERIODS

Ended June 30,	Berwick		Bayou Vista		Cents per 1,000 Gallons
	Gallons	\$	Gallons	\$	
78	263,269,420	68,225	179,358,000	46,477	26.05
79	275,828,584	75,390	185,655,490	50,980	27.38
80	311,008,035	84,096	224,603,420	60,751	27.04
81	294,186,077	90,570	212,701,204	65,454	30.78
82	298,637,000	111,504	195,631,000	73,202	37.37
83	272,023,000	106,839	212,889,000	83,697	39.29
84	283,259,000	114,403	218,422,000	87,816	40.31
85	280,762,000	124,353	215,907,000	95,852	44.34
86	258,536,000	116,925	204,466,000	93,126	45.36
Ended Sept. 30,					
*86	56,045,000	25,864	48,299,000	22,284	46.14
87	225,179,000	114,717	181,487,000	92,062	50.85
88	254,680,000	136,405	187,218,000	98,924	53.25
89	230,482,000	142,833	176,468,000	108,091	61.66
90	253,420,000	151,959	184,384,000	110,023	59.84
91	252,599,000	160,078	195,931,000	123,066	63.13
92	274,016,000	163,554	189,396,000	111,456	59.34
93	261,222,000	169,386	171,655,000	110,315	64.61
94	256,149,000	162,394	175,131,000	111,204	63.43
95	255,287,000	173,234	193,936,000	131,685	67.88
96	266,766,000	188,838	178,998,000	126,108	70.65
97	271,409,000	177,084	189,729,000	123,526	65.19
98	260,745,000	170,995	190,295,000	125,610	65.76
99	268,190,000	173,602	190,579,000	120,299	64.06

* Three Month Period

BERWICK - BAYOU VISTA JOINT WATERWORKS COMMISSION

SCHEDULE OF CERTIFICATES OF DEPOSIT
For the Years Ended September 30, 1999 and 1998

September 30, 1999

<u>SECURITY</u>	<u>MATURITY</u>	<u>RATE</u>	<u>VALUE</u>
Certificate of Deposit - Iberia Savings Bank	10-05-00	5.13%	\$ <u>24,017</u>
Total Certificate of Deposit			\$ 24,017 =====

September 30, 1998

<u>SECURITY</u>	<u>MATURITY</u>	<u>RATE</u>	<u>VALUE</u>
Certificate of Deposit - Iberia Savings Bank	7-24-99	5.50%	\$ <u>22,925</u>
Total Certificate of Deposit			\$ 22,925 =====

REPORT ON COMPLIANCE AND INTERNAL CONTROL

BERWICK - BAYOU VISTA JOINT WATERWORKS COMMISSION
OF THE
PARISH OF ST. MARY
STATE OF LOUISIANA

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

YEARS ENDED SEPTEMBER 30, 1999 and 1998

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

To the Board of Commissioners
Berwick - Bayou Vista Joint Waterworks Commission
Parish of St. Mary
State of Louisiana
P.O. Box 322
Berwick, Louisiana 70342

We have audited the basic financial statements of the Berwick - Bayou Vista Joint Waterworks Commission for the years ended September 30, 1999 and 1998, and have issued our report thereon dated January 11, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Berwick - Bayou Vista Joint Waterworks Commission's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that are required to be reported under Government Auditing Standards which are described as follows.

Finding:

The Berwick - Bayou Vista Joint Waterworks Commission is not monitoring all its bank account balances to assure that securities pledged to guarantee deposits equal 100 percent of the amount on deposit in excess of federal deposit insurance. Louisiana Revised Statute (LRS) 39:1225 provides that securities pledged to guarantee deposits of the Commission in financial institutions shall at all times equal 100 percent of the amount on deposit in excess of federal deposit insurance. At September 30, 1999, deposits at one financial institution were undersecured by \$52,669. Failure to give adequate security for deposits places public funds at risk.

Recommendation:

The Commission should insure that securities pledged by financial institutions are adequate at all times to guarantee the amount on deposit in excess of federal deposit insurance, as provided by LRS 39:1225.

Management Response:

The unsecured \$52,669 was a result of the bank failing to properly pledge securities to guarantee deposits. As of December 28, 1999 we have corrected this error and will require closer monitoring of our deposits in the future to assure this does not occur again.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Berwick - Bayou Vista Joint Waterworks Commission's internal control over financial reporting in order to determine our auditing procedures for the purposes of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving internal control over financial reporting and its operation that we consider to be reportable conditions.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Berwick - Bayou Vista Joint Waterworks Commission's ability to record, process, summarize and report financial data consistent with the assertions of management in the basic financial statements.

Finding:

Our examination disclosed that there is not any segregation of duties within the District's accounting function, (especially in the areas of cash receipts, bank reconciliations, cash disbursements, general ledger and journal entries). This weakness is due to the fact that the District sub-contracts out this bookkeeping function to an accountant. Due to the lack of segregation of duties, possible errors or irregularities could occur in the accounting records and not be detected. Understandably, since the District doesn't have any employees hired to handle the accounting function and they sub-contract this service out, the most ideal system of internal control or the most desirable accounting system may not be practicable. Also the cost of hiring employees to handle the accounting function might exceed any benefits gained. The management of the Commission is well aware of the loss of internal control that results with their sub-contracting of the accounting functions and are constantly on watch for any problems that would occur.

Recommendation:

Based upon the cost-benefit of hiring accounting personnel, it may not be feasible to achieve complete segregation of duties. We recommend management continue to closely monitor all records and transactions.

Management Response:

No response is considered necessary.

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

Our consideration of the internal control over financial reporting 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 solely for the use of management, the participants, and the Louisiana Legislative Auditor, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Berwick - Bayou Vista Joint Waterworks Commission is a matter of public record.

Adams & Johnson

ADAMS & JOHNSON
Certified Public Accountants

Patterson, Louisiana
January 11, 2000