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**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH
WEBSTER PARISH POLICE JURY
Sarepta, Louisiana**

General Purpose Financial Statements

June 30, 1999

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 JAN 19 2000

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH
WEBSTER PARISH POLICE JURY
Sarepta, Louisiana**

**General Purpose Financial Statements
For the Two Years Ended June 30, 1999
With Supplemental Information Schedules**

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WM. PEARCE JAMIESON, C.P.A. (1991)

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of
Sarepta Waterworks District of
Webster Parish

We have audited the accompanying general purpose financial statements of the Sarepta Waterworks District of Webster Parish, component unit of the Webster Parish Police Jury, as of and for the years ended June 30, 1999 and 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the Sarepta Waterworks District of Webster Parish management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Sarepta Waterworks District of Webster Parish, as of June 30, 1999, and the results of its operations and cash flows of its proprietary fund for the two years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated October 5, 1999, on our consideration of the Sarepta Waterworks District of Webster Parish's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The Year 2000 Supplementary Information on page 15 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the Sarepta Waterworks District of Webster Parish is or will become year 2000 compliant, that the district's remediation efforts will be successful in whole or in part, or that parties with which the district conducts business are or will become year 2000 compliant.

Jamison Wise Martin

Minden, Louisiana
October 5, 1999

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

To the Board of Commissioners of
Sarepta Waterworks District of
Webster Parish

We have audited the accompanying general purpose financial statements of the Sarepta Waterworks District of Webster Parish, component unit of the Webster Parish Police Jury, as of and for the two years ended June 30, 1999 and 1998, and have issued our report thereon dated October 5, 1999. 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 the Sarepta Waterworks District of Webster Parish's general purpose 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 an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under Government Auditing Standards.

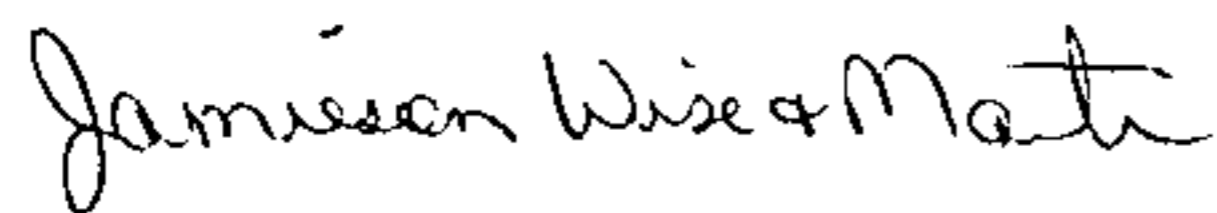
Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sarepta Waterworks District of Webster Parish's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the 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 judgment, could adversely affect the district's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the Corrective Action Plan for Current Year Audit Findings as item 99-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness..

This report is intended solely for the information of management, others within the organization, the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties.



Minden, Louisiana
October 5, 1999

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH
WEBSTER PARISH POLICE JURY
Sarepta, Louisiana**

**Balance Sheet
June 30, 1999**

Assets

Current assets:

Unrestricted -

Cash	\$ 171,507
Accounts receivable - trade	9,680
Accounts receivable - other	119
Unbilled receivables	746
Interest receivable	3,910
	185,962

Restricted -

Cash	15,023
	15,023

Total current assets	200,985
-----------------------------	---------

Property, plant and equipment:

Land	9,100
Utility plant and improvements	297,826
Equipment	46,481
	353,407

Less: accumulated depreciation	(220,579)
--------------------------------	-----------

Total property, plant and equipment	132,828
--	---------

Total assets	\$ 333,813
---------------------	------------

Liabilities and Equity

Current liabilities:

Payable from unrestricted assets -

Accounts payable	\$ 1,384
Payroll taxes payable	7
Sales tax payable	259
	1,650

Payable from restricted assets -

Customer meter deposits	12,995
	12,995

Total current liabilities	14,645
----------------------------------	--------

Fund equity:

Retained earnings	319,168
-------------------	---------

Total liabilities and equity	\$ 333,813
-------------------------------------	------------

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

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH
WEBSTER PARISH POLICE JURY
Sarepta, Louisiana**

**Statements of Income and Retained Earnings
For the Years Ended June 30, 1999 and 1998**

	<u>1999</u>	<u>1998</u>
Operating revenues:		
Water sales	\$ 79,873	83,677
Tap charges	600	2,200
Penalties	2,489	2,840
Reconnect charges	84	122
Miscellaneous	92	559
	<hr/>	<hr/>
Total operating revenues	83,138	89,398
	<hr/>	<hr/>
Operating expenses:		
Wages	20,624	21,792
Maintenance and supplies	17,864	16,615
Utilities	7,139	6,789
Transportation	708	741
Office	2,924	2,026
Insurance	2,812	3,895
Legal and auditing	500	2,500
Commissioners expense	3,540	3,600
Payroll taxes	1,097	1,108
Depreciation	13,519	13,305
	<hr/>	<hr/>
Total operating expenses	70,727	72,371
	<hr/>	<hr/>
Income (loss) from operations	12,411	17,027
	<hr/>	<hr/>
Nonoperating revenues (expenses):		
Interest income	7,790	6,236
(Loss) on disposal of equipment	-	(2,176)
	<hr/>	<hr/>
Total nonoperating revenues (expenses)	7,790	4,060
	<hr/>	<hr/>
Net income	20,201	21,087
	<hr/>	<hr/>
Retained earnings, beginning of year	298,967	277,880
	<hr/>	<hr/>
Retained earnings, end of year	\$ 319,168	298,967
	<hr/>	<hr/>

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

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH
WEBSTER PARISH POLICE JURY
Sarepta, Louisiana**

**Statement of Cash Flows
For the Years Ended June 30, 1999 and 1998**

	<u>1999</u>	<u>1998</u>
<i>Cash flows from operating activities:</i>		
Net income (loss) from operations	\$ 12,411	17,027
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	13,519	13,305
(Increase) decrease in:		
Accounts receivable - trade	(9)	(1,414)
Accounts receivable - other	(38)	7
Unbilled receivables	3,890	(4,635)
Interest receivable	(1,257)	(209)
Increase (decrease)		
Accounts payable - trade	(2,063)	2,061
Payroll taxes payable	(1)	(2)
Sales tax payable	6	(27)
Customers' meter deposits	495	917
	<u>26,953</u>	<u>27,030</u>
 <i>Cash flows from capital and related financing activities:</i>		
Purchases of property, plant and equipment	<u>(2,699)</u>	<u>(13,194)</u>
Net cash (used) by capital and related financing activities	<u>(2,699)</u>	<u>(13,194)</u>
 <i>Cash flows from investing activities:</i>		
Interest earned	<u>7,790</u>	<u>6,235</u>
Net cash provided by investing activities	<u>7,790</u>	<u>6,235</u>
Net increase (decrease) in cash	32,044	20,071
Cash and cash equivalents at beginning of year	<u>154,486</u>	<u>134,415</u>
Cash and cash equivalents at end of year	<u>\$ 186,530</u>	<u>154,486</u>

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

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH
WEBSTER PARISH POLICE JURY
Sarepta, Louisiana
Notes to the Financial Statements
For the Two Years Ended June 30, 1999**

INTRODUCTION

The Sarepta Waterworks District of Webster Parish was created under Revised Statutes 33:3811, by the Webster Parish Police Jury, by Ordinance No. 502, on September 2, 1958. As a result, the District is a component unit of the Police Jury which has the authority to appoint all members of the Board of Waterworks Commissioners.

1. Summary of Significant Accounting Policies:

A. Basis of Presentation

The accompanying general purpose financial statements of the Sarepta Waterworks District of Webster Parish 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

The district is a component unit of the Webster Parish Police Jury, the financial reporting entity. The police jury is financially accountable for the district because it appoints a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Fund Accounting

The operations of the Sarepta Waterworks District of Webster Parish are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. The component unit is considered an enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the cost (expenses, including

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH
WEBSTER PARISH POLICE JURY
Sarepta, Louisiana
Notes to the Financial Statements
For the Two Years Ended June 30, 1999**

depreciation) of providing water services to the general public of a continuing basis is financed through user charges.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets. The accrual basis of accounting is utilized by proprietary fund type. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

E. Budgets and Budgetary Accounting

The Sarepta Waterworks District of Webster Parish is not required by state law to formally adopt a budget for proprietary funds and generally accepted accounting procedures do not require budgetary comparison of financial statements.

F. Encumbrances

The Sarepta Waterworks District of Webster Parish does not use encumbrance accounting.

G. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing deposits and time deposits. Cash equivalents include amounts in time deposits. Under state law, the district may deposit funds in demand deposits, interest-bearing deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH
WEBSTER PARISH POLICE JURY
Sarepta, Louisiana
Notes to the Financial Statements
For the Two Years Ended June 30, 1999

H. Inventories

Supplies used to repair water lines, pumps, and meters, are immaterial and are expensed when purchased which is consistent with prior years.

I. Property, Plant & Equipment

Fixed assets used in the proprietary fund operations are included in the balance sheet of the fund net of accumulated depreciation. Additions to property, plant & equipment are recorded at cost. Repairs and maintenance are recorded as expenditures; renewals and betterments are capitalized. The sale or disposal of fixed assets is reconciled by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation has been calculated on each class of depreciable property using the straight-line method, with a monthly proration in the year of acquisition and disposition. Estimated useful lives are as follows:

Utility plant and additions and Water Wells	40 Years
Transportation equipment	5-10 Years
Office equipment	5-8 Years

J. Pension Plan

The district does not participate in a pension plan and therefore has no unfunded liability.

K. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Sarepta Waterworks District of Webster Parish considers all highly liquid investments (including restricted assets) to be cash equivalents.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH
WEBSTER PARISH POLICE JURY
Sarepta, Louisiana
Notes to the Financial Statements
For the Two Years Ended June 30, 1999**

L. Bad Debts

Uncollectible amounts due for customer accounts are recognized as bad debts through the use of the direct write-off method at the time information becomes available which would indicate the uncollectibility of the particular receivable. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting procedures.

2. Cash

At June 30, 1999, the district had cash and cash equivalents totaling \$186,530 as follows:

Demand deposits	\$ 51
Interest-bearing demand deposits	60,687
Certificates of deposit	<u>125,792</u>
Total	<u>\$ 186,530</u>

These deposits are stated at cost, which approximates market. Under state law, these bank balances must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1999, the district has \$ 189,256 in collected bank balances. These deposits are secured from risk by \$100,00 of federal deposit insurance and \$1,250,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH
WEBSTER PARISH POLICE JURY
Sarepta, Louisiana
Notes to the Financial Statements
For the Two Years Ended June 30, 1999**

3. Property, Plant and Equipment:

The following is a summary of proprietary fund fixed assets at June 30, 1999 and 1998:

	<u>1999</u>	<u>1998</u>
Land	\$ 9,100	9,100
Utility plant and additions	203,686	203,686
Equipment	40,682	39,383
Office equipment	5,799	4,399
Water Well #3	81,596	81,596
Water well improvements	<u>12,544</u>	<u>12,544</u>
	353,407	350,708
Less: accumulated depreciation	<u>(220,579)</u>	<u>(207,060)</u>
Net property, plant and equipment	<u>\$ 132,828</u>	<u>143,648</u>

Changes during year:

	<u>Land</u>	<u>Utility plant</u>	<u>Equipment</u>	<u>Office equipment</u>	<u>Water Well #3</u>	<u>Well Improvements</u>
Balances as of 6/30/97	\$ 9,100	203,686	39,383	6,890	81,596	-
Additions	-	-	-	650	-	12,544
Deletions	-	-	-	(3,141)	-	-
Balances as of 6/30/98	9,100	203,686	39,383	4,399	81,596	12,544
Additions	-	-	1,299	1,400	-	-
Deletions	-	-	-	-	-	-
Balances as of 6/30/99	<u>\$ 9,100</u>	<u>203,686</u>	<u>40,682</u>	<u>5,799</u>	<u>81,596</u>	<u>12,544</u>

4. Leases:

Sarepta Waterworks District of Webster Parish has a lease with the Webster Parish School Board for 40 years, with the option to renew the lease for six successive ten year periods

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH
 WEBSTER PARISH POLICE JURY
 Sarepta, Louisiana
 Notes to the Financial Statements
 For the Two Years Ended June 30, 1999**

upon the same terms and conditions set forth in the original agreement dated July 1, 1984, for the sum of \$1 per year. The lease is subject to the following provisions:

- a) The property must be used for the purpose of the operation and maintenance of a well and booster station site and for the operation of the water system by Sarepta Waterworks District of Webster Parish.
- b) The District must maintain liability insurance for operations conducted on the subject property in an amount not less \$100,000 per accident.

Future payments are as follows:

June 30, 1999	\$ 1
June 30, 2000	1
June 30, 2001	1
June 30, 2002	1
June 30, 2003	1
All future years	<u>19</u>
	<u>\$ 24</u>

5. Compensated Absences:

No formal policy exists for vacation pay and sick leave that provide for accumulation of benefits.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH
WEBSTER PARISH POLICE JURY
Sarepta, Louisiana**

**Supplemental Information Schedules
For the Two Years Ended June 30, 1999**

YEAR 2000 SUPPLEMENTARY INFORMATION

Disclosures of the stages of work in process or completed concerning Year 2000 issues for computer systems and other electronic equipment of the district as of June 30, 1999 as required by GASB Technical Bulletin No. 99-1 "Disclosures about Year 2000 Issues - an amendment of Technical Bulletin 98-1.

COMPENSATION PAID BOARD OF COMMISSIONERS

A schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

PRIOR AUDIT FINDINGS

The follow-up and corrective action taken on all prior audit findings is presented in the summary schedule of prior audit findings (Schedule 3).

CURRENT AUDIT FINDINGS

The corrective action plan for current year findings is presented in Schedule 4.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH
WEBSTER PARISH POLICE JURY
Sarepta, Louisiana
Year 2000 Supplementary Information
For the Two Years Ended June 30, 1999
(Unaudited)**

Year 2000 is an issue arising from computers being programmed in prior years to use only two digits (under the assumption that the first two digits would always be 19) to identify the year when processing date-sensitive information. This method of identifying dates could cause problems when processing information with dates in the year 2000 or later. As a result, the systems that use only two digits to identify dates could process data incorrectly or stop functioning altogether. The effects of the Year 2000 issue is expected to extend beyond systems that produce financial information. It encompasses all computer systems and any equipment that is dependent on microchip technology.

The Sarepta Waterworks District of Webster Parish provides water services to the citizens of Sarepta. The effect of the Year 2000 issue upon the execution of this service which is automated in nature has not been determined. In addition, the effect of the Year 2000 issue upon the district's vendors, revenue providers, grantors, and other entities with which it interacts has not been entirely determined. As a result, the effect of any of these entities' noncompliance with the Year 2000 issue upon the district has also not been determined.

For the year ended June 30, 1999, the Sarepta Waterworks District of Webster Parish incurred no remediation costs concerning the Year 2000 issue. No significant loss due to impairment of equipment that is not Year 2000 compliant was recognized for the year ended June 30, 1999.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH
WEBSTER PARISH POLICE JURY
Sarepta, Louisiana
Schedule of Compensation Paid Board of Commissioners
For the Two Years Ended June 30, 1999**

Because of the constant participation of members of the Board of Commissioners in day to day activities of the District, the members are paid a monthly per diem instead of a per diem based on attendance at board meetings. Payments to the board members are as follows:

	For the years ended	
	June 30, <u>1999</u>	June 30, <u>1998</u>
B.H. Huckaby	\$ 540	720
James Wood	120	-
P.S. Phillips	720	720
Denis Rhymes	720	720
Jimmie Tripp	720	720
Garland Hughes	<u>720</u>	<u>720</u>
 Total	 \$ <u>3,540</u>	 <u>3,600</u>

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH
WEBSTER PARISH POLICE JURY
Sarepta, Louisiana
Summary Schedule of Prior Audit Findings
For the Two Years Ended June 30, 1999**

The prior year audit findings for the year ended June 30, 1997 were as follows:

Section I - Internal Control and Compliance Material to the Financial Statements

97-1: Segregation of Duties

Fiscal Year Finding Initially Occurred: Unknown

Description of Finding: Due to economic and space limitations, the segregation of duties is inadequate to provide effective internal control.

Corrective Action Taken: None

Planned Corrective Action: Due to economic and space limitations, no recommendation was made.

97-2: Bid Law Requirements

Fiscal Year Finding Initially Occurred: Pre-June 30, 1997

Description of Finding: Found one instance of non-compliance on the purchase of a pick-up costing over \$7,500. No record of oral bids being received was found.

Corrective Action Taken: During the audit of the years ended June 30, 1999 and 1998, no items were noted which required the district to obtain quotes. Management is aware of the requirements of the bid law and for future transactions, intends to provide documentation as required.

97-3: A/R and Meter Deposit Reconciliations

Fiscal Year Finding Initially Occurred: Pre-June 30, 1997

Description of Finding: A/R and meter deposits not being reconciled to respective general ledger account at end of each month.

Corrective Action Taken: No.

Planned Corrective Action: Management intends to begin reconciling A/R and meter deposits to the general ledger on a monthly basis. The newly hired clerk will implement these reconciliations as part of the required monthly bookkeeping procedures.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH
WEBSTER PARISH POLICE JURY
Sarepta, Louisiana
Summary Schedule of Prior Audit Findings
For the Two Years Ended June 30, 1999**

97-4: Bid Advertisements

Fiscal Year Finding Initially Occurred: June 30, 1997

Description of Finding: Advertisements for model L35 Kubota Tractor and Loader did not say "or equivalent" in the wording of the bid.

Corrective Action Taken: During the audit of the years ended June 30, 1999 and 1998, no required advertisements were noted. Management is aware of the advertisement requirements of the bid law and for future transactions, intends to provide documentation as required.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH
WEBSTER PARISH POLICE JURY
Sarepta, Louisiana
Corrective Action Plan for Current Year Audit Findings
For the Two Years Ended June 30, 1999**

Section I - Internal Control and Compliance Material to the Financial Statements

99-1: We noted the absence of a reconciliation of accounts receivable and meter deposits between the general ledger and subsidiary journals. For proper controls, the district should reconcile on a monthly basis, accounts receivable and meter deposits per the financial statements with the supporting documentation. Failure to perform these reconciliations could lead to misstatements in the financial statements.

Management's response: As stated previously in the "Summary Schedule of Prior Audit Findings," management intends to begin reconciling A/R and meter deposits to the general ledger on a monthly basis. The newly hired clerk will begin implementation of these reconciliations as part of the required monthly bookkeeping procedures.