

**OFFICIAL
FILE COPY**

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
in FILE)

00 JUL 1 P12:41

**Kolin-Ruby Wise Waterworks District
No. 11A of Rapides Parish, Louisiana
(A Component Unit of the Rapides Parish Police Jury)**

**Annual Financial Report
December 31, 1998**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-14-99

Table of Contents

Independent Auditors' Report.....	Page 1
Balance Sheet	3
Statement of Revenues, Expenses and Changes in Retained Earnings	4
Statement of Cash Flows.....	5
Notes to the Financial Statements.....	6
Supplemental Data	
Schedule of Commissioners' Per Diem	16
Schedule of Expenditures of Federal Awards.....	17
Summary Schedule of Prior Audit Findings	18
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the General Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.....	21
Schedule of Findings and Questioned Costs.....	23

KNIGHT  **MASDEN**
Certified Public Accountants
A PROFESSIONAL ACCOUNTING CORPORATION

Coan I. Knight, Jr., CPA
K. Martin Masden, CPA

June 23, 1999

Associate:
John E. Theriot II, CPA

Independent Auditors' Report

The Board of Commissioners
Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Pineville, LA 71360

We have audited the accompanying financial statements of Kolin-Ruby Wise Waterworks District No. 11A, as of and for the year ended December 31, 1998, as listed in the table of contents. These financial statements are the responsibility of the Kolin-Ruby Wise Water District No. 11A's, management. Our responsibility is to express an opinion on the 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. These 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 Kolin-Ruby Wise Waterworks District No. 11A, as of December 31, 1998, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

The Kolin-Ruby Wise Waterworks District No. 11A has not presented the disclosures required by Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, as amended by Governmental Accounting Standards Board Technical Bulletin 99-1, that the Governmental Accounting Standards Board has determined are necessary to supplement, although not be a part of, the basic financial statements. In addition, we do not provide assurance that the Kolin-Ruby Wise Waterworks District No. 11A is or will become year 2000 compliant, that the remediation efforts of the Kolin-Ruby Wise Waterworks District will be successful in whole or in part, or that parties with which the Kolin-Ruby Wise Water District No. 11A does business are or will become year 2000 compliant.

The Board of Commissioners
Kolin-Ruby Wise Waterworks District No. 11A

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 1999, on our consideration of Kolin-Ruby Wise Waterworks District No. 11A's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The financial information listed as supplemental data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Kolin-Ruby Wise Waterworks District No. 11A. The schedule of expenditures of federal awards is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. All the supplemental data has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.


Knight ◊ Masden

KOLIN-RUBY WISE WATERWORKS DISTRICT NO. 11A
OF RAPIDES PARISH, LOUISIANA
(A Component Unit of the Rapides Parish Police Jury)

Balance Sheet
December 31, 1998

ASSETS

Current Assets		
Cash	\$ 138,237	
Certificates of deposit	233,923	
Receivables (net of allowance for doubtful accounts)	97,182	
Prepaid expenses	5,404	
Inventory	<u>7,400</u>	
Total Current Assets		\$ 482,146
Restricted assets		
Cash	61,245	
Certificates of deposit	<u>40,000</u>	
Total Restricted Assets		101,245
Fixed Assets (net of accumulated depreciation)		1,989,102
Deferred charges		
Revenue bond issue costs		<u>7,960</u>
Total Assets		<u>\$2,580,453</u>

LIABILITIES AND FUND EQUITY

Current Liabilities		
Accounts payable and accrued expenses	\$ 6,196	
Retirement payable	4,142	
Interest payable	<u>6,138</u>	
Total Current Liabilities		\$ 16,476
Liabilities payable from restricted assets		45,457
Long-Term Debt		
Revenue bonds payable		<u>542,650</u>
Total Liabilities		604,583
Fund Equity		
Contributed capital	428,631	
Retained earnings		
Reserved for debt service	\$ 50,107	
Unreserved	<u>1,497,132</u>	<u>1,547,239</u>
Total Fund Equity		<u>1,975,870</u>
Total Liabilities and Fund Equity		<u>\$2,580,453</u>

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

KOLIN-RUBY WISE WATERWORKS DISTRICT NO. 11A
OF RAPIDES PARISH, LOUISIANA
(A Component Unit of the Rapides Parish Police Jury)
Statement of Revenues, Expenses and
Changes in Retained Earnings
For the year Ended December 31, 1998

Operating Revenues		
Water sales and tap fees	\$ 295,579	
Late charges and connection fees	<u>19,440</u>	
Total Operating Revenues		\$ 315,019
Operating Expenses		
Bad debts	562	
Chemicals	18,150	
Depreciation	42,716	
Vehicle expense	2,138	
Insurance	22,428	
Per diem - board members	3,720	
Repairs and maintenance	28,106	
Salaries	96,300	
Other	7,879	
Supplies	39,581	
Telephone	4,343	
Utilities	14,970	
Collection expense	2,078	
Postage and freight	3,175	
Professional fees	6,980	
Retirement expense	7,011	
Office supplies	2,810	
Payroll taxes	<u>1,824</u>	
Total Operating Expenses		<u>304,771</u>
Operating Income		10,248
Nonoperating Revenues (Expenses)		
Ad valorem taxes-current year	55,023	
Ad valorem taxes-prior years	146,435	
State revenue sharing	3,061	
Interest income	14,909	
Interest expense	<u>(13,548)</u>	
Total Nonoperating Revenues (Expenses)		<u>205,880</u>
Net Income		216,128
Retained earnings, beginning of year		<u>1,331,111</u>
Retained earnings, end of year		<u>\$1,547,239</u>

The accompanying notes are an integral part of the financial statements

KOLIN-RUBY WISE WATERWORKS DISTRICT NO. 11A
 OF RAPIDES PARISH, LOUISIANA
 (A Component Unit of the Rapides Parish Police Jury)
 Statement of Cash Flows
 For the Year Ended December 31, 1998

Cash Flows from Operating Activities		\$ 10,248
Operating income		
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	\$ 42,716	
Increase in receivables	(41,029)	
Decrease in prepaid expenses	1,059	
Decrease in inventories	12,847	
Decrease in other assets	15,059	
Increase in deferred charges	(7,960)	
Increase in customer deposits	2,230	
Increase in accounts and miscellaneous payables	2,519	
Increase in interest payable	<u>5,388</u>	<u>32,829</u>
Net Cash Provided by Operating Activities		43,077
Cash Flows From Noncapital Financing Activities		
Tax receipts collected by other governmental agency	201,458	
State revenue sharing	<u>3,061</u>	
Net Cash Provided by Noncapital Financing Activities		204,519
Cash Flows From Capital and Related Financing Activities		
Proceeds from issuing bonds	547,650	
Cash payments for purchase of capital assets	(6,951)	
Construction of capital assets	(696,961)	
Principal payments on long term debt	(30,000)	
Interest expense	<u>(13,548)</u>	
Net Cash Used by Capital and Related Financing Activities		(199,810)
Cash Flows From Investing Activities		
Interest income	14,909	
Purchase of certificates of deposit	(273,923)	
Redemption of certificates of deposit	<u>123,000</u>	
Net Cash Used by Investing Activities		<u>(136,014)</u>
Net Decrease in Cash		(88,228)
Cash at beginning of year		<u>287,710</u>
Cash at end of year		<u>\$ 199,482</u>

KOLIN-RUBY WISE WATERWORKS DISTRICT NO. 11A
OF RAPIDES PARISH, LOUISIANA
(A Component Unit of the Rapides Parish Police Jury)
Notes to the Financial Statements
December 31, 1998

Note 1 - Summary of Significant Accounting Policies

The Kolin-Ruby Wise Waterworks District No. 11A of Rapides Parish, Louisiana (the Waterworks District) was created by the Rapides Parish Police Jury, as authorized by Louisiana Revised Statute 33:3811. The Waterworks District is governed by a five-member board of commissioners who are residents of and own real estate in the Waterworks District. The board members are compensated for meetings attended. The board is appointed by the Jury and is responsible for providing water service to approximately 1,100 users within the boundaries of the Waterworks District. The Waterworks District employs 4 full-time employees.

The following is a summary of significant accounting policies.

A. Basis of Presentation

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

B. Financial Reporting Entity

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Waterworks District includes all funds that are within the oversight responsibility of the Waterworks District. The Waterworks District is a component unit of the Rapides Parish Police Jury. Certain units of local government over which the Waterworks District exercises no oversight responsibility, such as the parish police jury, parish school board, other independently-elected officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Waterworks District.

C. Fund Accounting

The Waterworks District uses a proprietary - enterprise fund to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A proprietary - enterprise fund is used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided by the Waterworks District to outside parties, the cost of which is recovered primarily through user fees.

KOLIN-RUBY WISE WATERWORKS DISTRICT NO. 11A
OF RAPIDES PARISH, LOUISIANA
(A Component Unit of the Rapides Parish Police Jury)
Notes to the Financial Statements
December 31, 1998

Note 1 - Summary of Significant Accounting Policies, Continued

D. Basis of Accounting

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary funds use the accrual basis of accounting. Operating revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred. Inventory of supplies is carried at cost, on the first-in, first-out method.

Ad valorem taxes are accounted for using the modified accrual basis of accounting, whereby, revenues are recognized when they become measurable and available as net current assets. Taxes paid under protest are retained in escrow by the Parish tax collector (Rapides Parish Sheriff's Department) and are not recorded as income until released to the Waterworks District after completion of favorable litigation.

E. Fixed Assets

All fixed assets are stated at historical cost. Depreciation of all exhaustible assets is charged as an expense against operations. Depreciation is calculated using the straight line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Water system	25 - 50 years
Equipment	5 - 15 years
Vehicles	5 years

F. Bad Debts

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account based on historical collection information.

G. Contributed Capital

Grant funds received from federal and state agencies restricted for use in financing capital improvements are not reflected as revenues. They are recorded in fund equity as contributed capital.

H. Budget

A budget has not been adopted by the Waterworks. Budgets for proprietary funds are not required by Louisiana Law.

KOLIN-RUBY WISE WATERWORKS DISTRICT NO. 11A
 OF RAPIDES PARISH, LOUISIANA
 (A Component Unit of the Rapides Parish Police Jury)
 Notes to the Financial Statements
 December 31, 1998

Note 1 - Summary of Significant Accounting Policies, Continued

I. Retained Earnings - reserved

Retained earnings are reserved for the difference between restricted assets for revenue bond retirement and the liabilities payable from those assets.

Note 2 - Cash and Certificates of Deposit

Under state law, the Waterworks District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Waterworks District may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 1998, the Waterworks District had cash and certificates of deposit totaling \$473,247 as follows:

Demand deposits (includes \$61,245 restricted assets)	\$ 199,324
Certificates of deposit, (six month maturities)	<u>273,923</u>
	<u>\$ 473,247</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent 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. The securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank. Cash and certificates of deposit (bank balances) at December 31, 1998 are secured as follows:

Bank balances	<u>\$ 479,490</u>
Federal deposit insurance	\$ 200,000
Pledged securities (uncollateralized)	<u>279,490</u>
Total insurance and pledged securities	<u>\$ 479,490</u>

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 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 Waterworks District that the fiscal agent has failed to pay deposited funds upon demand.

KOLIN-RUBY WISE WATERWORKS DISTRICT NO. 11A
 OF RAPIDES PARISH, LOUISIANA
 (A Component Unit of Rapides Parish Police Jury)
 Notes to the Financial Statements
 December 31, 1998

Note 3 - Receivables

The following is a summary of receivables at December 31, 1998:

Water sales		
Billed services	\$ 38,611	
Unbilled services	<u>7,042</u>	\$ 45,653
Less: Allowance for doubtful accounts		<u>(2,510)</u>
		43,143
Ad valorem taxes		<u>54,039</u>
 Total		 <u>\$ 97,182</u>

Note 4 - Restricted Assets

Certain proprietary - enterprise fund resources are classified as restricted assets on the balance sheet because their use is restricted by applicable bond covenants or for other legal purposes. The "Revenue Bond Sinking Fund" account is used to accumulate monies to be used for debt service payments within the next twelve months. The "Depreciation and Contingency Fund" account is used to provide for extensions, additions, improvements, renewals and replacements necessary to properly operate the System. The "Revenue Bond Reserve Fund" is used to report resources set aside to make up potential future deficiencies in the Revenue Bond Sinking Fund Account. Customers' deposits are not associated with the revenue bond indenture. However, these are required deposits from customers to insure against nonpayment of billings or property damage. The aeration construction account contains any unspent loan funds advanced by USDA, which are restricted for use on the aeration project.

Amounts included in the above listed accounts are as follows:

Revenue bond sinking fund account	\$ 20,797
Depreciation and contingency fund account	15,072
Revenue bond reserve fund account	24,464
Customers' deposits	40,458
Aeration construction account	<u>454</u>
	 <u>\$ 101,245</u>

The balances of all three accounts associated with the revenue bonds were in compliance with the bond indenture.

KOLIN-RUBY WISE WATERWORKS DISTRICT NO. 11A
OF RAPIDES PARISH, LOUISIANA
(A Component Unit of Rapides Parish Police Jury)
Notes to the Financial Statements
December 31, 1998

Note 5 - Fixed Assets

A summary of changes in fixed assets for the year ended December 31, 1998 follows:

	Balance January 1, <u>1998</u>	<u>Additions</u>	Balance December 31, <u>1998</u>
Land	\$ 8,401	\$ -	\$ 8,401
Water system and equipment	1,841,070	6,951	1,848,021
Vehicles	<u>27,740</u>	<u>-</u>	<u>27,740</u>
	1,877,211	6,951	1,884,162
Less accumulated depreciation	<u>(549,304)</u>	<u>(42,716)</u>	<u>(592,020)</u>
Net Assets in service	\$ 1,327,907	(35,765)	1,292,142
Construction in progress -acration project	-	<u>696,960</u>	<u>696,960</u>
Total fixed assets	<u>\$ 1,327,907</u>	<u>\$ 661,195</u>	<u>\$ 1,989,102</u>

Note 6 - Long-Term Debt

Revenue bonds dated August 1, 1973, in the amount of \$350,000 were issued for the purpose of maintaining the water system. The bonds bore an interest rate of six percent with annual principal payments of \$5,000 to \$35,000 through August 1, 1998, and were secured by the pledge of income and revenues derived from water sales. The final payment of interest and principal was made on August 1, 1998 and there was no outstanding balance on this series of bonds at December 31, 1998.

On February 11, 1998, the Waterworks District issued \$285,000 of water revenue bonds (Series 1998A), secured by revenues to be derived from the operation of the waterworks system. The bonds were issued to partially finance improvements to the system, specifically, the aeration and pumping facilities project. The serial bonds carry interest rates of 4.0% to 5.4% and mature between February 1, 1999 and February 1, 2023.

KOLIN-RUBY WISE WATERWORKS DISTRICT NO. 11A
 OF RAPIDES PARISH, LOUISIANA
 (A Component Unit of Rapides Parish Police Jury)
 Notes to the Financial Statements
 December 31, 1998

Note 6 - Long-Term Debt, Continued

On June 17, 1998, the Waterworks District issued \$429,000 of water revenue bonds (Series 1998B), secured by revenues to be derived from the operation of the water works system. A single fully registered bond was delivered to the United States Department of Agriculture, Rural Development Office. The bond was issued to partially finance improvements to the system, specifically the aeration and pumping facilities project, and is on parity in all respects with the Series 1998A bond issue. The bond carries an interest rate of 4.75%. Principal and interest is due in semi-annual payments of \$12,189 beginning February 1, 2000 and continuing through February 1, 2038. As of December 31, 1998, principal of \$262,500 has been advanced by USDA to the Waterworks District. The remaining amount of the bond principal will be paid to the Waterworks as the project progresses and partial payment estimate forms are approved by the project engineer and submitted to USDA.

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

	Revenue Bonds <u>1973</u>	Revenue Bonds <u>1998A</u>	Revenue Bonds <u>1998B</u>	<u>Total</u>
Debt payable, beginning of year	\$ 30,000	\$ -0-	\$ -0-	\$ 30,000
New issue		285,000		285,000
New issue advances			262,500	262,650
Retirement	<u>(30,000)</u>	<u> </u>	<u> </u>	<u>(30,000)</u>
Debt payable, end of year	<u>\$ -0-</u>	<u>\$ 285,000</u>	<u>\$ 262,500</u>	<u>\$ 547,650</u>

KOLIN-RUBY WISE WATERWORKS DISTRICT NO. 11A
OF RAPIDES PARISH, LOUISIANA
(A Component Unit of Rapides Parish Police Jury)
Notes to the Financial Statements
December 31, 1998

Note 6 - Long-Term Debt, Continued

The future annual requirements to amortize long-term debt are shown in the table below. The debt service requirement for the 1998B series revenue bonds assumes that the entire approved principal of \$429,000 will be retired.

Year	Revenue Bonds 1998A	Revenue Bonds 1998B	Total
1999	\$ 19,733	\$ -	\$ 19,733
2000	19,533	24,377	43,910
2001	19,320	24,377	43,697
2002	19,100	24,377	43,477
2003	18,878	24,377	43,255
2004-2008	105,147	121,887	227,034
2009-2013	103,445	121,887	225,332
2014-2018	112,702	121,887	234,589
2019-2023	110,930	121,887	232,817
2024-2028		121,887	121,887
2029-2033		121,887	121,887
2034-2037		121,887	121,887
2038		24,377	24,377
Total	528,788	975,094	1,503,882
Less interest	(243,788)	(546,094)	(789,882)
Principal	<u>\$ 285,000</u>	<u>\$ 429,000</u>	<u>\$ 714,000</u>

Note 7 - Liabilities Payable From Restricted Assets

Customer deposits and the current portion of revenue bonds are payable from restricted assets referred to in Note 4. Amounts included in these accounts are as follows:

Customer Deposits	\$ 40,458
Revenue Bonds Payable (Series A) - Current portion	<u>5,000</u>
	<u>\$ 45,458</u>

KOLIN-RUBY WISE WATERWORKS DISTRICT NO. 11A
OF RAPIDES PARISH, LOUISIANA
(A Component Unit of the Rapides Parish Police Jury)
Notes to the Financial Statements
December 31, 1998

Note 8 - Retirement Plan

Substantially all employees of the Waterworks District are members of the Parochial Employees Retirement System (the system), a cost sharing multiple-employer, public employee retirement system (PERS), controlled and administered by a separate board of trustees. The system is composed of two district plans (Plan A and Plan B). All participating employees of the Waterworks District are members of Plan A.

The System provides retirement, death and disability benefits to plan members and beneficiaries. Benefits are established by state statute. The Parochial Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Parochial Employees Retirement System, P. O. Box 14619, Baton Rouge, LA 70898-4619 or by calling (504) 928-1361.

Covered employees are required by state statute to contribute 9.5 percent of their salary to the plan. The Waterworks District is required by the same statute to contribute 7.25 percent. Contribution rates have remained the same for the current and prior two years. In addition, contributions to the System include one-fourth of one percent of the taxes shown to be collected by the sheriff of each respective parish, except Orleans and East Baton Rouge Parish. The Waterworks District's contributions to the system for the years ended December 31, 1998, 1997 and 1996 were \$7,011, \$6,299 and \$5,126, respectively, equal to the required contributions for each year.

Note 9 - Defeased Debt

On June 11, 1986, the Waterworks District defeased the 1973 Series of Public Improvement Bonds by placing \$253,719 in an irrevocable trust to purchase United States government securities. These securities placed in the irrevocable trust with an escrow agent have provided for all future debt service payments on the 1973 series bonds. As a result, the 1973 series bonds were removed from the balance sheet at December 31, 1989. The final payment of interest and principal was made on August 1, 1998 and there was no outstanding balance on this series of bonds at December 31, 1998.

Note 10 - Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Waterworks District in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year.

For the year ended December 31, 1998, taxes of 4.35 mills were levied on property with approximate assessed valuations totaling \$16,575,000 and were dedicated to general corporate purposes.

KOLIN-RUBY WISE WATERWORKS DISTRICT NO. 11A
OF RAPIDES PARISH, LOUISIANA
(A Component Unit of the Rapides Parish Police Jury)
Notes to the Financial Statements
December 31, 1998

Note 11 - Vacation and Sick Leave

Employees of the Waterworks District, depending on their length of service, earn from one to two weeks of noncumulative vacation leave each year, and all employees are granted five days of sick leave annually, with a maximum accumulation of 15 days. At December 31, 1998, there are no material accumulated and vested benefits relating to vacation and sick leave that should be accrued or disclosed to conform with generally accepted accounting principles.

Note 12 - Litigation

There is no pending litigation at this time regarding Kolin-Ruby Wise Waterworks District No. 11A.

Note 13 - Commitments

In connection with the aeration and pumping facilities project, the Waterworks District has signed contracts with a construction company and an engineering company totaling \$833,460. At December 31, 1998, \$167,015 of the commitment had not been paid.

Supplemental Data

**KOLIN-RUBY WISE WATERWORKS DISTRICT NO. 11A
OF RAPIDES PARISH, LOUISIANA
(A Component Unit of the Rapides Parish Police Jury)
Schedule of Commissioners' Per Diem
For the Year Ended December 31, 1998**

<u>Name</u>	<u>Total Per Diem</u>
Jim Atkins	\$ 900
Clinon Broussard	900
Arthur McKneely	900
James Kees	660
Krandal Williford	<u>360</u>
 Total	 <u>\$ 3,720</u>

KOLIN-RUBY WISE WATERWORKS DISTRICT NO. 11A
OF RAPIDES PARISH, LOUISIANA
(A Component Unit of the Rapides Parish Police Jury)
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 1998

<u>Federal Loan/Grantor Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Federal Funds Received</u>	<u>Maximum Loan Awarded</u>
U. S. Department of Agriculture				
Rural Utilities Service				
Direct Loan	10.760	<u>\$ 262,650</u>	<u>\$ 262,650</u>	<u>\$ 429,000</u>
Total expenditures of Federal Awards		<u>\$ 262,650</u>		

Note A – Basis of Presentation

This schedule of expenditures of federal awards includes the federal loan activity of the Kolin-Ruby Wise Waterworks District No. 11A and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, amounts presented in this schedule may differ from those presented in or used in the preparation of the basic financial statements.

Note B – Loan Balances

The balance of the loan from USDA at December 31, 1998 was \$262,650.

**KOLIN-RUBY WISE WATERWORKS DISTRICT NO. 11A
OF RAPIDES PARISH, LOUISIANA
(A Component Unit of the Rapides Parish Police Jury)
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 1998**

There are no prior audit findings on which to report.

KNIGHT  MASDEN
Certified Public Accountants
A PROFESSIONAL ACCOUNTING CORPORATION

Coan I. Knight, Jr., CPA
K. Martin Masden, CPA

Associate:
John E. Theriot II, CPA

June 23, 1999

**Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit of the General
Purpose Financial Statements Performed in Accordance With
*Government Auditing Standards***

The Board of Commissioners
Kolin-Ruby Wise Waterworks District No. 11A
Pineville, LA 71360

We have audited the financial statements of the Kolin-Ruby Wise Waterworks District No. 11A (the Waterworks District) a component unit of Rapides Parish Police Jury, as of and for the year ended December 31, 1998, and have issued our report thereon dated June 23, 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 Waterworks District's 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 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 are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Waterworks District'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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 general purpose 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. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

The Board of Commissioners
Kolin-Ruby Wise Waterworks District No. 11A

This report is intended for the information of the Board of Commissioners, management and others within the organization, federal auditing agencies, and applicable state agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record.

Knight-Masden
KNIGHT ◊ MASDEN

KNIGHT  **MASDEN**
Certified Public Accountants
A PROFESSIONAL ACCOUNTING CORPORATION

Coan I. Knight, Jr., CPA
K. Martin Masden, CPA

Associate:
John E. Theriot II, CPA

June 23, 1999

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Commissioners
Kolin-Ruby Wise Waterworks District No. 11A

Compliance

We have audited the compliance of Kolin-Ruby Wise Waterworks District No. 11A with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 1998. Kolin-Ruby Wise Waterworks District No. 11A's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Kolin-Ruby Wise Waterworks District No. 11A's management. Our responsibility is to express an opinion on Kolin-Ruby Wise Waterworks District No. 11A's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Kolin-Ruby Wise Waterworks District No. 11A's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Kolin-Ruby Wise Waterworks District No. 11A's compliance with those requirements.

In our opinion, Kolin-Ruby Wise Waterworks District No. 11A, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1998.

Board of Commissioners
Kolin-Ruby Wise Waterworks District No. 11A

Internal Control Over Compliance

The management of Kolin-Ruby Wise Waterworks District No. 11A, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Kolin-Ruby Wise Waterworks District No. 11A's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Board of Commissioners, management, federal awarding agencies and applicable state agencies. However, this report is a matter of public record and its distribution is not limited.


Knight ◊ Masden

KOLIN-RUBY WISE WATERWORKS DISTRICT NO. 11A
 OF RAPIDES PARISH, LOUISIANA
 (A Component Unit of the Rapides Parish Police Jury)
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 1998

Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Kolin-Ruby Wise Waterworks District No. 11A.
2. No reportable conditions or instances of noncompliance material to the financial statements are included in the **Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards.**
3. The **Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133** reflects no reportable conditions.
4. The auditors' report on compliance for its major federal award program by Kolin-Ruby Wise Waterworks District No. 11A expresses an unqualified opinion.
5. Audit findings relative to the major federal award program for Kolin-Ruby Wise Waterworks District No. 11A are reported in this schedule.
6. The one major program tested was USDA, Rural Utilities Service, Direct Loan (CFDA No. 10.760).

Findings-Financial Statement Audit

None

Findings and Questioned Costs-Major Federal Award Program Audit

	Questioned Costs
Department of Agriculture	
Rural Utilities Service, Direct Loan Program, CFDA No. 10.760	None