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LOUISIANA RURAL WATER ASSOCIATION, INC.

**FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REPORT**

Year Ended June 30, 2001

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 Louisiana Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/19/01

GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

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GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.
RICHARD W. CASIDAY, C.P.A.
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COY T. VINCENT, C.P.A.

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JULIA W. PORTUS, C.P.A.
DAWN REDD, C.P.A.
MICHELLE BOURNE, C.P.A.
PAIGE F. BROWNE, C.P.A.

ONE LAKESIDE PLAZA, SUITE 700
P.O. DRAWER 1847
LAKE CHARLES, LOUISIANA 70602-1847
TELEPHONE (337) 439 1986
FACSIMILE (337) 439 1366

1215 POST OAK ROAD, SUITE 6
SULPHUR, LOUISIANA 70663
TELEPHONE (337) 625 1986
FACSIMILE (337) 625-5671

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Louisiana Rural Water Association, Inc.
Kinder, LA

November 16, 2001

We have audited the accompanying statement of financial position of Louisiana Rural Water Association, Inc. (a nonprofit organization), as of June 30, 2001, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Association'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 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 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 Louisiana Rural Water Association, Inc. as of June 30, 2001, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2001 on our consideration of Louisiana Rural Water Association, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Louisiana Rural Water Association, Inc.
November 16, 2001

Our audit was performed for the purpose of forming an opinion on the financial statements of Louisiana Rural Water Association, Inc., taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and is not a required part of the financial statements. Such information 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.

Gragson Casiday & Guillory

LOUISIANA RURAL WATER ASSOCIATION, INC.

Statement of Financial Position

June 30, 2001

ASSETS	<u>2001</u>	<u>2000</u>
Current Assets		
Cash	\$ 639,020	\$ 454,681
Investments	125,026	113,827
Accounts receivable	119,695	197,312
Prepaid expenses	<u>54,890</u>	<u>4,545</u>
Total Current Assets	938,631	770,365
Fixed assets, at cost (net of accumulated depreciation of \$195,213 for 2001 and \$154,592 for 2000)	<u>270,925</u>	<u>280,162</u>
TOTAL ASSETS	\$ 1,209,556	\$ 1,050,527
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 50,042	\$ 85,735
Deferred income	131,364	-
Vacation and sick leave payable	<u>174,318</u>	<u>152,984</u>
Total Current Liabilities	355,724	238,719
Net Assets		
Unrestricted	849,332	807,308
Temporarily restricted	<u>4,500</u>	<u>4,500</u>
	<u>853,832</u>	<u>811,808</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 1,209,556	\$ 1,050,527

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

LOUISIANA RURAL WATER ASSOCIATION, INC.

Statement of Activities

Year Ended June 30, 2001

	Unrestricted	Temporarily Restricted	Totals	
			2001	2000
REVENUES				
Grants	\$ 1,282,073	\$ -	\$ 1,282,073	\$ 1,275,422
In-kind contributions-Energy program	-	-	-	23,233
In-kind contributions-Wastewater Rural Utilities Service program	-	-	-	7,441
Membership fees	127,630	-	127,630	112,930
Conference income	-	-	-	248,284
Training income	11,497	-	11,497	10,355
Advertising income	22,105	-	22,105	20,735
Interest income	35,344	-	35,344	24,501
Interim financing fees	30,000	-	30,000	177
Other income	16,310	-	16,310	30,605
Total Revenues	1,524,959	-	1,524,959	1,753,683
EXPENSES				
General and administrative	168,049	-	168,049	347,113
Federal program subsidies	16,310	-	16,310	23,072
Program services:				
E.P.A.	97,624	-	97,624	92,616
Circuit rider – National Rural Water	190,988	-	190,988	153,724
Circuit rider – state revolving funds	85,278	-	85,278	76,944
Wastewater – National Rural Water	180,978	-	180,978	182,843
Wastewater – Rural Utilities Service	106,894	-	106,894	121,712
Groundwater	87,749	-	87,749	86,598
Energy	194,865	-	194,865	240,886
Compliance initiative	100,682	-	100,682	102,496
Lake Pontchartrain Basin Foundation	73,695	-	73,695	83,771
Water development	480	-	480	66,316
Board training/technical assistance	82,936	-	82,936	6,602
Community development block grant	33,934	-	33,934	18,290
Capacity development	62,473	-	62,473	-
Total Expenses	1,482,935	-	1,482,935	1,602,983
Increase in Net Assets	42,024	-	42,024	150,700
NET ASSETS - BEGINNING OF YEAR	807,308	4,500	811,808	661,108
NET ASSETS - END OF YEAR	\$ 849,332	\$ 4,500	\$ 853,832	\$ 811,808

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

LOUISIANA RURAL WATER ASSOCIATION, INC.

Statement of Cash Flows

Year Ended June 30, 2001

	<u>2001</u>	<u>2000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 42,024	\$ 150,700
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	49,508	35,884
Unrealized gain on investments	(3,700)	1,934
(Increase) Decrease in assets		
Accounts receivable	77,617	(84,453)
Prepaid expenses	(50,345)	39,355
Increase (Decrease) in liabilities		
Accounts payable	(55,300)	59,816
Deferred income	131,364	(109,811)
Vacation and sick leave payable	40,941	26,912
Net cash from operating activities	<u>232,109</u>	<u>120,337</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments and noncash equivalents	(80,043)	(29,296)
Purchase of fixed assets	(40,271)	(111,083)
Net cash used by investing activities	<u>(120,314)</u>	<u>(140,379)</u>
 Net increase (decrease) in cash equivalents	 111,795	 (20,042)
Cash equivalents - Beginning of year	<u>354,622</u>	<u>374,664</u>
Cash equivalents - End of year	\$ <u>466,417</u>	\$ <u>354,622</u>

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

LOUISIANA RURAL WATER ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Association was formed in 1978 to provide training and technical assistance to rural water and wastewater systems throughout Louisiana.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, Louisiana Rural Water Association, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Revenues

Revenues are derived primarily from federal and state grants and from membership fees. Grants are summarized as follows:

E.P.A. - To provide training and technical assistance to rural and small public water supply systems. Revenue of \$86,033 was recognized in the current year. Current grant agreement runs through April 30, 2004.

Circuit Rider – National Rural Water Association, Inc. - To provide technical assistance to systems servicing rural areas or cities/towns with a population under 10,000. Revenue of \$177,426 was recognized in the current year. Current grant agreement runs through September 30, 2001.

Circuit Rider – State Revolving Funds – To provide technical assistance to systems servicing rural areas or cities/towns with a population under 10,000. Revenue of \$88,177 was recognized in the current year. Current grant agreement runs through April 30, 2002. \$27,900 has been invested in a certificate of deposit as required by the agreement.

Wastewater - National Rural Water Association, Inc. - To provide technical assistance to "Rural Development Administration" funded and potentially funded wastewater systems. Revenue of \$176,346 was recognized in the current year. Current grant agreement runs through May 31, 2002.

Wastewater - Rural Utilities Service - To provide technical assistance to improve operation and maintenance of rural water and waste disposal facilities. Revenue of \$96,342 was recognized in the current year. Current grant agreement runs through June 30, 2001, not renewed subsequently.

LOUISIANA RURAL WATER ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Groundwater - To provide technical assistance to rural and small public water suppliers in the formation of groundwater protection plans. Revenue of \$86,033 was recognized in the current year. Current grant agreement runs through June 30, 2002.

Energy - "Rural Water Energy Conservation Program". Revenue of \$186,975 was recognized in the current year. Current grant agreement runs through June 30, 2002.

Louisiana Compliance Initiative - To provide training and technical assistance in compliance with drinking water regulations. Revenue of \$98,389 was recognized in the current year. Current grant agreement runs through January 31, 2003. \$29,970 has been invested in a certificate of deposit as required by the agreement.

Lake Pontchartrain Basin Foundation - To provide technical assistance to wastewater systems in the Florida parishes of Louisiana. Revenue of \$78,821 was recognized in the current year. Current grant agreement runs through December 31, 2001.

Board Training/Technical Assistance - To provide training and technical assistance to board members and management level personnel of rural water systems. Revenue of \$87,765 was recognized in the current year. Current grant agreement runs through May 31, 2002.

Community Development Block Grant (LCDBG) - To provide training and technical assistance to LCDBG recipients who have been funded for water or sewer system improvements. Revenue of \$37,771 was recognized in the current year. Current grant agreement runs through November 30, 2001.

Very small water system - To provide training for very small water system's operators. Revenue of \$14,000 was recognized in the current year. Current grant agreement runs through April 30, 2003.

Capacity Development - To provide eight four-hour training sessions per year to public water systems. Revenue of \$67,997 was recognized in the current year. Current grant agreement runs through June 30, 2003, \$22,291 has been invested in a certificate of deposit as required by the agreement.

LOUISIANA RURAL WATER ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable at June 30, 2001 of \$119,695 represents receivables from the federal and state grants.

Deferred Income

Grant funds received from the grantor for particular operating purposes are deemed to be earned and reported as revenues when the Association has incurred expenditures in compliance with the specific restrictions. Such amounts received but not yet earned are reported as deferred amounts.

Cash

Cash includes amounts in demand deposits. The Association's policy is to secure required collateral to safeguard all of the financial instruments. At June 30, 2001, the carrying amount was \$639,020 and the bank balance was \$851,084. Of the bank balance, \$574,647 was covered by federal depository insurance and government securities and the remainder of \$276,437 was collateralized by pledged securities.

Investments

Investments are composed of mutual funds investing in debt and equity securities and are carried at fair value. The fair value is obtained from monthly investment statements. Investments as of June 30, 2001 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Liberty Mutual Fund for U.S. Government Securities	\$ 136,656	\$ 125,026	\$ 125,026

The following summarizes the investment return:

Interest earned	\$ 7,499
Unrealized gains	3,700
Net investment return	<u>\$ 11,199</u>

LOUISIANA RURAL WATER ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Vacation and Sick Leave Policies

The Association's vacation policy permits 10 days after one year of service and 15 days after five years of service. Accrued vacation must be taken within one year. Employees are paid for unused vacation days upon termination of employment. Accrued vacation payable is recorded at \$30,131 at June 30, 2001.

The Association's sick leave policy permits the accumulation of one day per month up to a maximum of 120 days. Employees are not paid for unused sick days upon termination of employment. Accrued sick leave is recorded at \$144,187 at June 30, 2001.

The Association has received permission from its federal grantor agency to accrue funded vacation and sick leave benefits. The federal programs fund the accruals to accumulate funds to pay for terminations and long-term illnesses of employees paid from those programs. The accrual cannot be more than the legal liability for those programs.

Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Reconciliation of cash and cash equivalents at June 30, 2001 and 2000 are as follows:

	<u>2001</u>	<u>2000</u>
Cash Equivalents	\$ 466,417	\$ 354,622
Noncash Equivalents	<u>172,603</u>	<u>100,059</u>
Total Cash	<u>\$ 639,020</u>	<u>\$ 454,681</u>

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as restricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

LOUISIANA RURAL WATER ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2001 includes the principal amount of a donation received in a prior fiscal year. The donor placed certain stipulations on the use of these funds. As of June 30, 2001, none of the original donation of \$4,500 had been expended.

NOTE B - FIXED ASSETS

A summary of fixed assets follows:

Building and land	\$ 103,348
Equipment	<u>362,790</u>
	466,138
Less accumulated depreciation	<u>195,213</u>
	<u>\$ 270,925</u>

Fixed Assets are stated at cost. Depreciation is provided over the estimated useful lives, ranging from 5 to 31 years, of the respective assets calculated on the straight line method. Depreciation expense for the year ended June 30, 2001 was \$49,508.

NOTE C - FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE D - CONTINGENCIES

The Association receives a substantial amount of its support from federal and state government grants. A significant reduction in the level of this support, if this were to occur, may have an effect on the programs and activities.

NOTE E - INCOME TAXES

The Association is exempt from federal income taxes under the provision of Section 501(c)(6) of the Internal Revenue Code.

LOUISIANA RURAL WATER ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2001

NOTE F – RETIREMENT PLAN

The Association has a defined contribution salary deferral plan covering substantially all employees. Under the plan, the Association contributes seven percent of each eligible employee's salary. Employees may contribute up to fifteen percent, but must contribute at least three percent, of each eligible employee's salary. Plan expenses incurred by the Association for the year ended June 30, 2001 was \$43,502.

NOTE G – SUBSEQUENT EVENT

In August, 2001, the Association purchased for \$110,000 five and one-half lots adjoining the Kinder, LA. administrative office property. The purchase was financed by a \$88,000, 7.75% interest rate, five-year term loan.

LOUISIANA RURAL WATER ASSOCIATION, INC.

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2001

<u>Federal Grantor/Pass- Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantors Number</u>	<u>Disburse- ments/ Expenses</u>
U.S. Department of Health and Human Services Passed through State Department of Rural Development Energy Conservation	81.041	N/A	\$ 190,750
U.S. Department of Agriculture Passed through National Rural Water Association, Inc. Wastewater technical assistance	10.761	N/A	179,023
<u>Other Federal Awards:</u>			
U.S. Department of Agriculture Training and technical assistance Passed through National Rural Water Association, Inc. Circuit Rider	10.761	N/A	96,342
Board training/technical assistance Passed through State Department of Health and Hospitals Circuit Rider	N/A 10.761	53-31ME-8-003 N/A	190,988 81,848
Capacity development	N/A	PO32600545633 CPMS #0564511	89,648 67,997
U.S. Department of Environmental Protection Agency Passed through National Rural Water Association, Inc. Training and technical assistance Ground water/wellhead protection	66.607 66.607	N/A N/A	97,624 87,749
Passed through Lake Pontchartrain Basin Foundation, Inc. Training and technical assistance	N/A	X-996097-01	73,346
U.S. Department of Housing and Urban Development Passed through State Department of Community Development Training and technical assistance	14.228	N/A	<u>37,788</u>
TOTAL FEDERAL AWARDS			\$ 1,193,103

Continued

LOUISIANA RURAL WATER ASSOCIATION, INC.

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2001

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Louisiana Rural Water Association, Inc 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, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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LAKE CHARLES, LOUISIANA 70602-1847
TELEPHONE (337) 439-1986
FACSIMILE (337) 439-1366
1215 POST OAK ROAD, SUITE 6
SULPHUR, LOUISIANA 70663
TELEPHONE (337) 625-1986
FACSIMILE (337) 625-5671

INDEPENDENT AUDITORS' 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 Directors
Louisiana Rural Water Association, Inc.
Kinder, LA

November 16, 2001

We have audited the financial statements of Louisiana Rural Water Association, Inc. (a nonprofit organization) as of and for the year ended June 30, 2001, and have issued our report thereon dated November 16, 2001. 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 Louisiana Rural Water Association, Inc.'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 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 are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Louisiana Rural Water Association, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 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 operation that we consider to be material weaknesses.

Louisiana Rural Water Association, Inc.
November 16, 2001

This report is intended solely for the information and use of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Gragson Casiday & Guillory

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ONE LAKESIDE PLAZA, SUITE 700
P.O. DRAWER 1847
LAKE CHARLES, LOUISIANA 70602-1847
TELEPHONE (337) 439-1886
FACSIMILE (337) 439-1366

1215 POST OAK ROAD, SUITE 6
SULPHUR, LOUISIANA 70663
TELEPHONE (337) 625-1986
FACSIMILE (337) 625-5671

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

To the Board of Directors
Louisiana Rural Water Association, Inc.
Kinder, LA

November 16, 2001

Compliance

We have audited the compliance of Louisiana Rural Water Association, Inc. 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 each of its major federal programs for the year ended June 30, 2001. Louisiana Rural Water Association, Inc.'s major federal programs are 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 programs is the responsibility of Louisiana Rural Water Association, Inc.'s management. Our responsibility is to express an opinion on Louisiana Rural Water Association, Inc.'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 Louisiana Rural Water Association, Inc.'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 Louisiana Rural Water Association, Inc.'s compliance with those requirements.

In our opinion, Louisiana Rural Water Association, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Louisiana Rural Water Association, Inc.
November 16, 2001

Internal Control Over Compliance

The management of Louisiana Rural Water Association, Inc. 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 Louisiana Rural Water Association, Inc.'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 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 and use of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Gragson Casiday & Guillory

LOUISIANA RURAL WATER ASSOCIATION, INC.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2001

Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the financial statements.
2. No reportable conditions relating to the audit of the financial statements is reported.
3. No instances of noncompliance material to the financial statements which would be required to be reported in accordance with *Government Auditing Standards* during the audit are reported.
4. No reportable conditions relating to the audit of the major federal award programs are reported.
5. The auditors' report on noncompliance for the major federal award programs expresses an unqualified opinion on all major federal programs.
6. No audit findings relative to the major federal award programs are reported.
7. The programs tested as major programs included:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
81.041	Energy Conservation
10.761	Wastewater Technical Assistance
8. The threshold used for distinguishing between Type A and B was \$300,000.
9. Louisiana Rural Water Association, Inc. qualified as a low-risk auditee.

Findings - Financial Statement Audit

None

Findings and Questioned Costs – Major Federal Award Programs Audit

None