USDA

United States Department of Agriculture

December 12, 2013

(b) (6), (b) (7)(C) [redacted]
Boyle Skene Water Association
P. O. Box 475
Boyle, MS 38730

Subject: 2010 Audit

Dear (b) (6), (b) (7)(C) [redacted]

We have reviewed subject audit and offer the following comments:

1. Salary cost is $11.70/member/month. This is over the average of $8-10/member/month.
2. In accordance with the loan agreement and the "letter of conditions", the association is required to maintain a reserve account. The association must contribute monthly into the reserve account for ten (10) years until one annual payment for each loan has been accumulated. Association's total annual payment due to Rural Development is $131,244 therefore $13,124.40 annually or $1,093.70 monthly should be deposited into the reserve account. Due to the age of each of the loans, all should be fully funded except the loan obtained in 2005. Funds may be withdrawn from the reserve account for capital expenditures with written permission from Rural Development.
3. We concur with the auditor's recommendation on finding 1-10 and 2-10.
4. Audit was not received within 150 days of the end of association's fiscal year.
5. Due to the association owes Rural Development over one million dollars, the audit must also be reviewed by the Rural Development State Office. If additional comments are received you will be advised.

If you have any questions, please contact me at 662-578-7008, ext. 5.

Sincerely,

MICHAEL D. PERRY
Area Director

Rural Development
175 Broome Ridge Road, Suite C, Batesville, MS 38606
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