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**EAST ALLEN PARISH  
WATERWORKS DISTRICT**

Oberlin, Louisiana

Financial Report

Year Ended December 31, 1999

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

Release Date JUL 05 2000

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## INDEPENDENT AUDITORS' REPORT

The Board of Commissioners  
East Allen Parish Waterworks District  
Oberlin, Louisiana

We have audited the accompanying general purpose financial statements of the East Allen Parish Waterworks District (District), a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 1999. These general purpose financial statements are the responsibility of the District's 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, 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 East Allen Parish Waterworks District, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated May 19, 2000 on our consideration of the District's internal control structure and its compliance with laws and regulations.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the East Allen Parish Waterworks District taken as a whole. The accompanying financial information listed as "Supplementary Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the East Allen Parish Waterworks District. Such information, except for the portion marked "Unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to such general purpose financial statements taken as a whole.

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The financial information for the preceding year, which is included for comparative purposes was taken from the financial report dated May 25, 1999 for that year in which we expressed an unqualified opinion on the general purpose financial statements of East Allen Parish Waterworks District.

***Kolder, Champagne, Slaven & Rainey, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
May 19, 2000

**GENERAL PURPOSE FINANCIAL STATEMENTS**

EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana  
Proprietary Fund Type-Enterprise Fund  
Utility Fund

Comparative Balance Sheet  
December 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 32,602	\$ 56,226
Time deposits	100,159	95,510
Accounts receivable, net of allowance for uncollectible accounts (1999 - \$377; 1998 - \$415)	12,183	13,408
Accrued interest	2,060	1,911
Total current assets	<u>147,004</u>	<u>167,055</u>
Restricted assets:		
Revenue bond and interest sinking account - Interest-bearing deposits	65,510	43,155
Revenue bond reserve account - Interest-bearing deposits	6,000	2,392
Revenue bond contingency account - Interest-bearing deposits	52,755	48,331
Customer deposits - Cash	5,308	3,780
Total restricted assets	<u>129,573</u>	<u>97,658</u>
Property, plant and equipment:		
Property, plant and equipment at cost, net of accumulated depreciation (1999 \$863,585; 1998 \$795,948)	<u>2,058,357</u>	<u>2,105,045</u>
Bond issue costs, net of accumulated amortization (1999 \$1,140; 1998 \$335)	<u>9,723</u>	<u>10,527</u>
Organization costs, net of accumulated amortization (1999 \$9,878; 1998 \$9,142)	<u>19,572</u>	<u>20,308</u>
 Total assets	 <u><u>\$2,364,229</u></u>	 <u><u>\$2,400,593</u></u>

The accompanying notes are an integral part of this statement.

	<u>1999</u>	<u>1998</u>
<b>LIABILITIES AND FUND EQUITY</b>		
Liabilities:		
Current liabilities (payable from current assets) -		
Accounts payable	\$ 2,500	\$ 15,232
Accrued liabilities	<u>1,465</u>	<u>1,519</u>
Total current liabilities (payable from current assets)	<u>3,965</u>	<u>16,751</u>
Current liabilities (payable from restricted assets) -		
Revenue bonds payable	35,000	17,000
Interest payable	13,213	16,301
Customer's deposits	<u>5,308</u>	<u>3,780</u>
Total current liabilities (payable from restricted assets)	<u>53,521</u>	<u>37,081</u>
Long-term liabilities -		
Revenue bonds payable	538,992	571,592
Compensated absences payable	<u>525</u>	<u>450</u>
Total long-term liabilities	<u>539,517</u>	<u>572,042</u>
Total liabilities	<u>597,003</u>	<u>625,874</u>
Fund equity:		
Contributed capital -		
Waterworks district customers	68,674	68,674
Federal grants, net of accumulated amortization (1999 \$525,883; 1998 \$486,685)	<u>1,409,117</u>	<u>1,448,315</u>
Total contributed capital	<u>1,477,791</u>	<u>1,516,989</u>
Retained earnings -		
Reserved for revenue bond retirement	76,052	60,577
Unreserved	<u>213,383</u>	<u>197,153</u>
Total retained earnings	<u>289,435</u>	<u>257,730</u>
Total fund equity	<u>1,767,226</u>	<u>1,774,719</u>
Total liabilities and fund equity	<u><u>\$2,364,229</u></u>	<u><u>\$2,400,593</u></u>



EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana  
Proprietary Fund Type-Enterprise Fund  
Utility Fund

Comparative Statement of Revenues, Expenses and  
Changes in Retained Earnings  
Years Ended December 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Operating revenues:		
Charges for services -		
Water sales	\$ 245,414	\$ 247,722
Penalties	2,959	3,504
Miscellaneous	7,564	5,309
Total operating revenues	<u>255,937</u>	<u>256,535</u>
Operating expenses:		
Salaries	81,728	79,220
Payroll taxes	1,286	1,474
Insurance	10,964	10,455
Office expenses	3,758	4,338
Telephone and utilities	18,605	19,991
Uniforms	892	898
Supplies and parts	18,617	14,992
Amortization	3,941	2,941
Depreciation	71,575	69,788
Professional fees	5,434	4,608
Maintenance and repairs	7,489	15,341
Retirement expenses	4,906	3,346
Travel expenses	10,400	10,100
Miscellaneous expenses	1,460	1,623
Total operating expenses	<u>241,055</u>	<u>239,115</u>
Operating income	<u>14,882</u>	<u>17,420</u>
Nonoperating revenues (expenses):		
Interest income	6,693	8,659
Interest expense and other fiscal charges	<u>(29,068)</u>	<u>(43,952)</u>
Total nonoperating expenses	<u>(22,375)</u>	<u>(35,293)</u>
Net loss	(7,493)	(17,873)
Add: Depreciation on fixed assets acquired by federal grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital	<u>39,198</u>	<u>39,198</u>
Increase in retained earnings	31,705	21,325
Retained earnings, beginning	<u>257,730</u>	<u>236,405</u>
Retained earnings, ending	<u><u>\$ 289,435</u></u>	<u><u>\$ 257,730</u></u>

The accompanying notes are an integral part of this statement.



EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana  
Proprietary Fund Type-Enterprise Fund  
Utility Fund

Comparative Statement of Cash Flows  
Years Ended December 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Cash flows from operating activities:		
Operating income	\$ 14,882	\$ 17,420
Adjustments to reconcile net income to net cash provided by operating activities -		
Depreciation	71,575	69,788
Amortization	3,941	2,941
Decrease in provision for uncollectible accounts	(38)	(118)
Changes in assets and liabilities:		
Decrease in accounts receivable	1,263	3,938
Increase (decrease) in accounts payable	(12,732)	10,312
Increase (decrease) in accrued liabilities	(54)	166
Increase (decrease) in compensated absences payable	75	(6,826)
Total adjustments	<u>64,030</u>	<u>80,201</u>
Net cash provided by operating activities	<u>78,912</u>	<u>97,621</u>
Cash flows used by capital and related financing activities:		
Proceeds from meter deposits	1,528	1,125
Refund of meter deposits	-	(23)
Acquisition of property, plant and equipment	(24,888)	(26,118)
Interest and fiscal charges paid on revenue bonds	(32,156)	(76,130)
Principal paid on revenue bonds	(17,000)	(746,415)
Proceeds from refunding bonds	-	621,000
Bond issue costs paid on refunding bonds	-	(900)
Net cash used by capital and related financing activities	<u>(72,516)</u>	<u>(227,461)</u>
Cash flows from investing activities:		
Net proceeds in redemptions and purchases of certificates of deposits	(4,649)	(57,417)
Interest received on interest-bearing deposits	6,544	7,030
Net cash provided (used) by investing activities	<u>1,895</u>	<u>(50,387)</u>
Net increase (decrease) in cash and cash equivalents	8,291	(180,227)
Cash and cash equivalents, beginning of period	<u>153,884</u>	<u>334,111</u>
Cash and cash equivalents, end of period	<u>\$162,175</u>	<u>\$ 153,884</u>

(continued)

EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana  
Proprietary Fund Type-Enterprise Fund  
Utility Fund

Comparative Statement of Cash Flows (Continued)  
Years Ended December 31, 1999 and 1998

	1999	1998
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash - unrestricted	\$ 56,226	\$ 75,045
Cash - restricted	3,780	2,678
Interest-bearing deposits - unrestricted	95,510	90,862
Interest-bearing deposits - restricted	93,878	218,295
Less: Certificates of deposit with a maturity over three months when purchased	(95,510)	(52,769)
Total cash and cash equivalents	153,884	334,111
Cash and cash equivalents, end of period -		
Cash - unrestricted	32,602	56,226
Cash - restricted	5,308	3,780
Interest-bearing deposits - unrestricted	100,159	95,510
Interest-bearing deposits - restricted	124,265	93,878
Less: Certificates of deposit with a maturity over three months when purchased	(100,159)	(95,510)
Total cash and cash equivalents	162,175	153,884
Net increase (decrease)	\$ 8,291	\$(180,227)

The accompanying notes are an integral part of this statement.

EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The East Allen Parish Waterworks District (the District), which is a component unit of the Allen Parish Police Jury, was created under the provisions of Louisiana Revised Statutes 33:3811, for the purpose of providing water to the rural areas of East Allen Parish. The District is governed by a board of commissioners composed of seven members appointed by the Allen Parish Police Jury.

The accounting and reporting policies of the District conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the industry audit guide, Audits of State and Local Governmental Units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District applies all applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 in accounting and reporting for its proprietary fund operations unless those pronouncements conflict with or contradict GASB pronouncements.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

This report is comprised of a proprietary fund that is administered by the District's board of commissioners and controlled by the Allen Parish Police Jury. The accompanying financial statements present information only on the proprietary fund maintained by the District and do not present information on the Allen Parish Police Jury and the general governmental services provided by that governmental unit.

B. Fund Accounting

The accounts of the District are organized on the basis of a proprietary fund, of which there exists only an enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Notes to Financial Statements (Continued)

C. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheet.

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Utility System and Improvements	25-50 years
Equipment	5 years

D. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The proprietary fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Unbilled utility service receivables, resulting from utility services rendered between the date of meter reading and billing and the end of the month, are not recorded due to immateriality at December 31, 1999.

E. Interest-Bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market. All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the date of purchase, they have a maturity date no longer than three months.

F. Bad Debts

Through the establishment of an allowance account, uncollectible amounts due from customers' utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectibles for customers' utility receivables at December 31, 1999 and 1998 was \$377 and \$415 respectively.

EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Notes to Financial Statements (Continued)

G. Vacation and Sick Leave

The District allows one week paid vacation after one year as a full-time employee. Additionally, the District allows employees to take time off (comp time) in lieu of payment for overtime hours. It is the District's policy to carry over comp time and pay it at termination if the employee has not used it all through time off. Vacation normally is taken in the year accrued, however it may be carried over if not taken. Sick leave may be carried over with no restrictions but is not payable at termination of employment and is recorded as an expense of the period in which paid. As of December 31, 1999, the liability for accrued comp time and accrued vacation was \$525.

H. Capitalization of Interest Expense

It is the policy of the East Allen Parish Waterworks District to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. At December 31, 1999 and 1998, there was no capitalized interest expense recorded due to immateriality.

I. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

J. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally separated for a specific future use.



EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(2) Cash and Interest-Bearing Deposits

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the law of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 1999 and 1998, the District had cash and interest-bearing deposits (book balances) totaling \$262,334 and \$249,394, respectively, as follows:

	1999	1998
Demand deposits	\$ 37,910	\$ 60,006
Time deposits and money market accounts	224,424	189,388
	\$262,334	\$249,394

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 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. Deposit balances (bank balances) at December 31, 1999 and 1998 were secured as follows:

	1999	1998
Bank balances	\$ 263,156	\$ 249,850
Federal deposit insurance	238,732	249,850
Pledged securities (Category 3)	24,424	-
	\$ 263,156	\$ 249,850

Pledged securities in Category 3 include uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the District's name. Even though the pledged securities are considered uncollateralized (Category 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.

EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(3) Restricted Assets - Proprietary Fund Type

Restricted assets consisted of the following at December 31:

	1999	1998
Revenue bond and interest sinking account	\$ 65,510	\$ 43,155
Revenue bond reserve account	6,000	2,392
Revenue bond contingency account	52,755	48,331
Customer deposits	5,308	3,780
Total restricted assets	\$ 129,573	\$ 97,658

(4) Fixed Assets

A summary of proprietary fund type property, plant and equipment at December 31, follows:

	1999	1998
Land	\$ 22,938	\$ 22,938
Buildings	331,161	331,161
Furniture, fixtures and equipment	50,500	49,482
Water system	2,517,343	2,497,412
Total	2,921,942	2,900,993
Less: Accumulated depreciation	(863,585)	(795,948)
Net Utility Fund property, plant and equipment	\$2,058,357	\$2,105,045



EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(5) Changes in Long-Term Debt

The following is a summary of debt transactions of the District for the year ended December 31, 1999:

	<u>Water Revenue Refunding Bonds</u>
Long-term debt payable at January 1, 1999	\$ 621,000
Long-term debt issued	-
Long-term debt retired	<u>(17,000)</u>
Long-term debt payable at December 31, 1999	<u><u>\$ 604,000</u></u>

Long-term debt payable at December 31, 1999 is composed of the following individual issue:

Utility Revenue Bonds:

\$621,000 Water Revenue Refunding Bonds, Series 1998, due in annual installments of \$35,000 - \$60,000 through February 1, 2012; interest at 5.25 percent	\$604,000
Less unamortized deferred loss on early retirement of debt	<u>(30,008)</u>
	<u><u>\$573,992</u></u>

EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Notes to Financial Statements (Continued)

The annual requirements to amortize all debts outstanding at December 31, 1999, including interest payments of \$225,698 are as follows:

	Water Refunding Bonds
2000	\$ 65,791
2001	64,928
2002	64,985
2003	64,938
2004	64,785
2005-2009	319,857
2010-2012	<u>184,414</u>
Total	<u><u>\$829,698</u></u>

The District refunded the 1985 Utility Revenue bonds on August 1, 1998. The refunding of these bonds was a current refunding resulting in an economic gain of \$126,635. Cash flow requirements necessary to service the 1985 Utility Revenue bonds were \$1,631,299. Cash flow requirements to service the 1998 Water Revenue Refunding bonds are \$878,854.

(6) Flow of Funds; Restrictions on Use - Utility Revenues

Under the terms of the bond indenture on the \$621,000 water utility revenue refunding bonds dated August 1, 1998, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operations of the Water Utility System are pledged and dedicated to the retirement of said bonds and are to be set aside into the following special funds.

Each month there will be set aside into a "Waterworks Revenue Bond and Interest Sinking Fund" an amount sufficient to accumulate the amount needed to assure the prompt payment of the principal and interest installments as they become due, and may be used only for such payment.

Funds will also be set aside into a "Waterworks Depreciation and Contingency Fund" of five percent per annum of the amount paid into the sinking fund. Monies in this fund shall be used to pay the major repairs due to damage caused by unforeseen catastrophe and for replacements made necessary by the depreciation of the system.

EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Notes to Financial Statements (Continued)

All of the revenues received in any fiscal year and not required to be paid into any of the above noted funds in such fiscal year shall be regarded as surplus and may be used for any lawful purpose.

The East Allen Parish Waterworks District was in compliance with all significant limitations and restrictions in the bond indenture at December 31, 1999.

(7) Retirement Commitments

The District employees have elected not to be included in the Social Security System but do pay medicare taxes. The District and its employees contribute a percentage of each employee's salary to medicare (1.45 percent contributed by the District and 1.45 percent by each employee). The District's contribution during the year ended December 31, 1999 and 1998, amounted to \$1,101 and \$1,110, respectively.

East Allen Parish Waterworks District employees contribute to a group deferred nonparticipating tax sheltered annuity policy. The District pays 70 percent and each employee 30 percent of the monthly premium. Monthly premiums are based on each employee's age, length of employment and salary. The District's contribution to this plan during the fiscal year ended December 31, 1999 and 1998, amounted to \$4,906 and \$3,346, respectively. Neither the District nor its employees are obligated to make contributions and the District has no further liability to the annuity plan. Data concerning the actuarial status of the plan are not available.

(8) Pending Litigation

There is no litigation pending against the East Allen Parish Waterworks District at December 31, 1999.

(9) Contributed Capital

Amounts contributed to enterprise funds for acquisition or construction of fixed assets are recognized as contributed capital. Contributed capital generated through grants externally restricted for capital acquisitions is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such grants. This amortization is closed to the appropriate contributed capital account and is reflected as an adjustment to net income on the Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings.

EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Notes to Financial Statements (Continued)

The sources of contributed capital used to acquire and construct facilities for the enterprise fund are as follows:

	Grants	Customers	Total
Total contributed capital	\$ 1,935,000	\$ 68,674	\$ 2,003,674
Less: Accumulated amortization	(525,883)	-	(525,883)
Net contributed capital	\$ 1,409,117	\$ 68,674	\$ 1,477,791

(10) Compensation of Board Members

A detail of compensation paid to the President of the Board and board members for the year ended December 31, 1999 follows:

Pearl Shuff, President	\$ 840
Board members:	
Benton Smith	840
Malcolm Bertrand	840
Essie Victorian	780
Joseph Fontenot	660
J.D. Langley	840
Paul Young	840
	\$5,640

11) Risk Management

The District is exposed to risks of loss in the areas of general liability, property hazards and worker's compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance during the year.

**SUPPLEMENTARY INFORMATION**

**INTERNAL CONTROL  
AND  
COMPLIANCE**

# KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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AMERICAN INSTITUTE OF  
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SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

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

The Board of Commissioners  
East Allen Parish Waterworks District  
Oberlin, Louisiana

We have audited the general purpose financial statements of the East Allen Parish Waterworks District (District), a component unit of the Allen Parish Police Jury for the year ended December 31, 1999, and have issued our report thereon dated May 19, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, 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 the 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 financial statements. The reportable condition is described in the accompanying summary schedule of current and prior year audit findings and corrective action plan at Item 99-1 (IC).

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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. 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 the reportable condition described above is a material weakness.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

*Kolder, Champagne, Slaven & Rainey, LLC*  
Certified Public Accountants

Lafayette, Louisiana  
May 19, 2000

**OTHER SUPPLEMENTARY INFORMATION**

EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana  
Enterprise Fund  
Utility Fund

Schedule of Number of Utility Customers  
(Unaudited)  
December 31, 1999

Records maintained by the East Allen Parish Waterworks District indicated the following number of customers were being serviced during the month of December, 1999:

Water (metered)	824
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EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan  
Year Ended December 31, 1999

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (12/31/99) --						
<u>Internal Control:</u>						
99-1 (IC)	Unknown	Due to the small number of employees, the District did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Charalyn Hebert, Clerk	N/A
PRIOR YEAR (12/31/98) --						
<u>Internal Control:</u>						
98-1 (IC)	Unknown	Due to the small number of employees, the District did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Charalyn Hebert, Clerk	N/A