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.

EAST ALLEN PARISH WATERWORKS DISTRICT Oberlin, Louisiana

Financial Report

Year Ended December 31, 1995

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 8-7-96

TABLE OF CONTENTS

| Page |
|------------------|
| 1-2 |
| |
| 4 - 5 |
| 6 7-8 9-17 |
| 9-17 |
| |
| |

Independent Auditor's Report on Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with <u>Government Auditing</u>

22

<u>Standards</u>

Independent Auditor's Report on Compliance Based on an Audit of General Purpose Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>

OTHER SUPPLEMENTARY INFORMATION

| Schedule | of | number of | utility customers (unaudited) | 24 |
|----------|----|-----------|-------------------------------|----|
| Schedule | of | insurance | in force (unaudited) | 25 |

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DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

(A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS)

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Alexandria, LA 71301

(318) 445-5564

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| | llen Parish Wate n, Louisiana | erworks District | 2011 MacArthur Drive Building 1 |

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, 1995. 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, <u>Government Auditing Standards</u>, 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, 1995, 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.

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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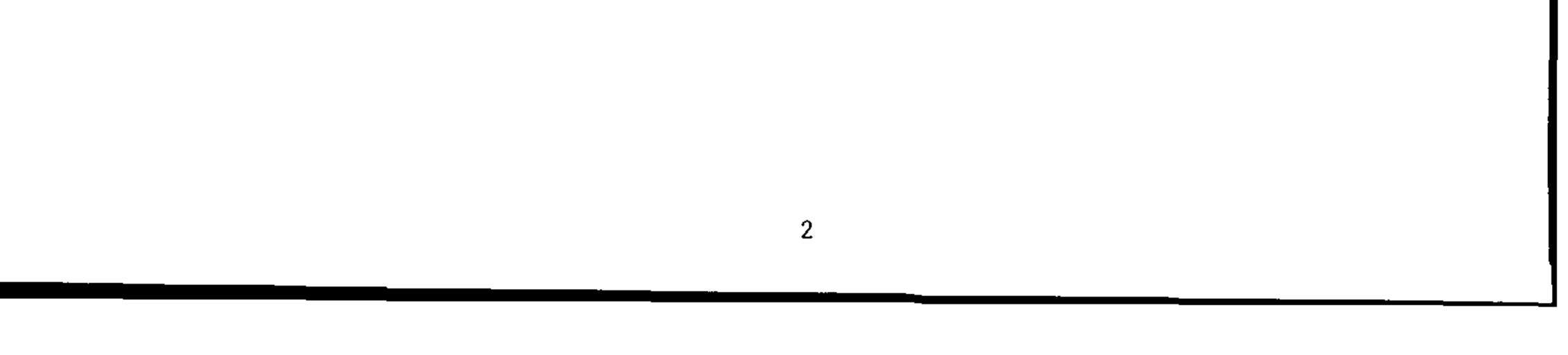
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS The financial information for the preceding year, which is included for comparative purposes was taken from the financial report dated June 12, 1995 for that year in which we expressed an unqualified opinion on the general purpose financial statements of East Allen Parish Waterworks District.

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Darnall, Sikes, Kolder, Frederick & Rainey

A Corporation of Certified Public Accountants

Lafayette, Louisiana May 24, 1996

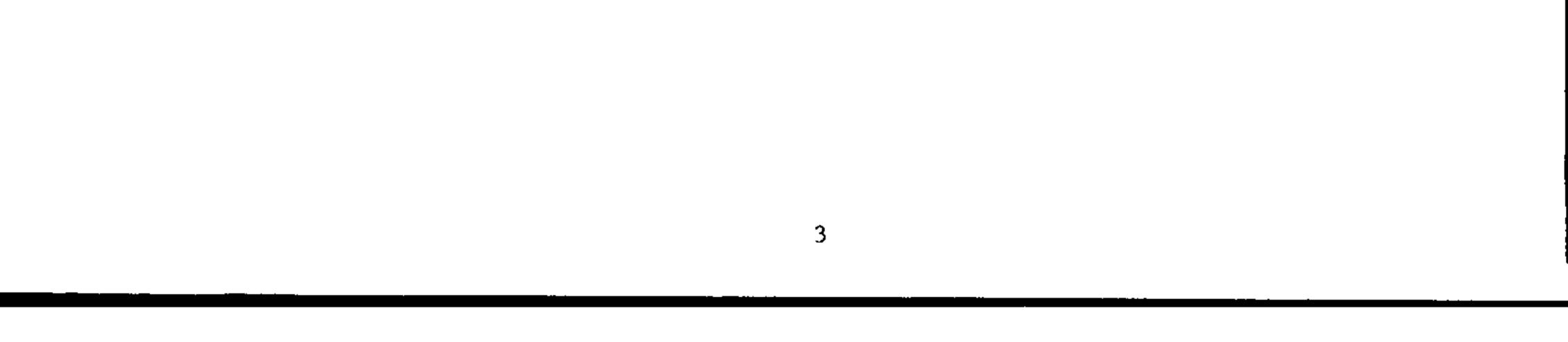


GENERAL PURPOSE FINANCIAL STATEMENTS

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Comparative Balance Sheet December 31, 1995 and 1994

| | 1995 | <u> </u> | 1994 |
|---|--------------------|----------|----------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash | \$ 72,574 | \$ | 47,852 |
| Time deposits | 83,341 | | 79,926 |
| Accounts receivable, net of allowance for | | | |
| uncollectible accounts (1995 - \$543; 1994 - \$347) | 17,549 | | 10,325 |
| Accrued interest | 293 | | 263 |
| Prepaid expenses | 371 | | 361 |
| Total current assets | <u>174,128</u> | | <u>138,727</u> |

| Restricted assets: Revenue bond and interest sinking account - | | |
|--|--|--------------------------------|
| Interest-bearing deposits | 112,111 | 100,920 |
| Revenue bond reserve account - Interest-bearing deposits | 34,648 | 29,990 |
| Revenue bond contingency account - Interest-bearing deposits Customer deposits - | 34,263 | 29,656 |
| Cash Total restricted assets | <u> 2,494</u> <u> 183,516</u> | <u>2,187</u> <u>162,753</u> |
| Property, plant and equipment: Property, plant and equipment at cost, net of | | |
| accumulated depreciation (1995 \$588,893; 1994 \$525,012) | <u>2.251.283</u> | <u>2,306,978</u> |
| Bond issue costs, net of accumulated amortization (1995 \$12,143; 1994 \$10,853) | <u> </u> | <u>38,146</u> |
| Organization costs, net of accumulated amortization (1995 \$6,933; 1994 \$6,197) | <u>22,517</u> | <u>23,253</u> |
| | | |
| Total assets | \$2,668,300 | \$2,669,857 |
| | ga pit ka wa na ma na s ^a iti ka ma | |

4

The accompanying notes are an integral part of this statement.

| | | <u>1995 </u> | | <u>1994</u> |
|---|----|--|-------|-------------|
| LIABILITIES AND FUND EQUITY | | | | |
| Liabilities: Current liabilities (payable from current assets) - Accounts payable | \$ | 5,095 | \$ | 2,810 |
| Accrued liabilities Total current liabilities (payable from. | • | 1,403 | , | 1,401 |
| current assets) Current liabilities (payable from restricted assets) | | 6.498 | | 4,211 |

Current liabilities (payable from restricted assets) -

| Revenue bonds payable | 10,000 | 9,000 |
|---|-------------|------------------|
| Interest payable | 54,607 | 55,088 |
| Customer's deposits | 2,494 | 2,187 |
| Total current liabilitíes (payable from | | * |
| restricted assets) | 67,101 | 66,275 |
| Long-term liabilities - | | |
| Revenue bonds payable | 756,415 | 764,161 |
| Compensated absences payable | 2,978 | 13,844 |
| Total long-term liabilities | 759,393 | 778,005 |
| Total liabilities | 832,992 | <u> </u> |
| Fund equity: | | |
| Contributed capital - | | |
| Waterworks district customers | 68,674 | 68,674 |
| Federal grants, net of accumulated amortization | | |
| (1995 \$369,091; 1994 \$329,893) | 1,565,909 | 1,605,107 |
| Total contributed capital | 1,634,583 | 1,673,781 |
| Retained earnings - | | |
| Reserved for revenue bond retirement | 116,415 | 96,478 |
| Unreserved | 84,310 | 51,107 |
| Total retained earnings | 200,725 | 147,585 |
| Total fund equity | 1,835,308 | <u>1,821,366</u> |
| Total liabilities and fund equity | \$2,668,300 | \$2,669,857 |

5

Comparative Statement of Revenues, Expenses and Changes in Retained Earnings Years Ended December 31, 1995 and 1994

| | 1995 | <u> 1994 </u> |
|---|------------------|----------------------|
| Operating revenues: | | |
| Charges for services - | | |
| Water sales | \$228,190 | \$207,614 |
| Penalties | 3,418 | 3,508 |
| Miscellaneous | <u> </u> | 2,019 |
| Total operating revenues | 237,140 | 213,141 |
| Total operating revenues | | |
| Operating expenses: | 49,098 | 47,658 |
| Salaries | 898 | 927 |
| Payroll taxes | 6,854 | 5,608 |
| Insurance | • | 2,983 |
| Office expenses | 3,452 | 18,540 |
| Telephone and utilities | 17,715 | 839 |
| Uniforms | 673 | _ |
| Supplies and parts | 16,783 | 9,450 |
| Amortization | 2,026 | 2,026 |
| Depreciation | 63,881 | 61,526 |
| Bad debts expense | 738 | 454 |
| Accounting fees | 3,553 | 3,000 |
| Maintenance and repairs | 3,048 | 1,587 |
| Retirement expenses | 2,380 | 2,766 |
| Travel expenses | 5,200 | 5,200 |
| Miscellaneous expenses | 378 | <u>636</u> |
| Total operating expenses | 176,677 | <u>163,200</u> |
| Total opolating onponooo | | (A A A 1 |
| Operating income | 60,463 | 49,941 |
| Nonoperating revenues (expenses): | | |
| Interest income | 8,086 | 6,715 |
| Interest expense | <u>(54,607</u>) | |
| Total nonoperating expenses | <u>(46,521</u>) | <u>(48,372</u>) |
| rotur non-persona | | 1 5 4 0 |
| Net income | 13,942 | 1,569 |
| 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> </u> |
| Contributed Capitar | | |
| Increase in retained earnings | 53,140 | 40,767 |
| | | |
| Retained earnings, beginning | <u>147,585</u> | <u>106,818</u> |
| | | |



Retained earnings, ending

The accompanying notes are an integral part of this statement.

Comparative Statement of Cash Flows Years Ended December 31, 1995 and 1994

| | 1995 | <u> 1994 </u> |
|---|------------------|---------------------|
| Cash flows from operating activities: | | |
| Operating income | \$60,463 | \$ 49,941 |
| | | |
| Adjustments to reconcile net income to net | | |
| cash provided by operating activities - | ())) | (1 50) |
| Depreciation | 63,881 | 61,526 |
| Amortization Increase (decrease) is previation for | 2,026 | 2,026 |
| Increase (decrease) in provision for uncollectible accounts | 196 | (186) |
| Changes in assets and liabilities: | 190 | (100) |
| Increase in accounts receivable | (7,420) | (6) |
| (Increase) decrease in prepaid expenses | 10 | (68) |
| Increase in accounts payable | 2,285 | 134 |
| Increase (decrease) in accrued liabilities | 2 | (135) |
| Increase (decrease) in compensated absences | | |
| payable | (10,866) | 1,808 |
| Total adjustments | <u> </u> | 65,099 |
| | | |
| Net cash provided by operating | | |
| activities | <u>110,577</u> | <u> 115,040</u> |
| Cash flows used by capital and related financing activit | ies: | |
| Proceeds from meter deposits | 900 | 450 |
| Refund of meter deposits | (594) | (525) |
| Acquisition of property, plant and equipment | (8,186) | (77,925) |
| Interest and fiscal charges paid on revenue bonds | (55,088) | (55,088) |
| Principal paid on revenue bonds | (6,746) | <u>(11,254</u>) |
| Net cash used by capital and related | | |
| financing activities | <u>(69,714</u>) | (144,342) |
| Caph flows from investing setivities. | | |
| Cash flows from investing activities: Net proceeds in redemptions and purchases of | | |
| certificates of deposits | (2,537) | 19,743 |
| Interest received on interest-bearing deposits | 8,056 | 6,529 |
| Net cash provided by investing | <u> </u> | |
| activities | 5,519 | 26,272 |
| | | |
| Net increase (decrease) in cash and | | |
| cash equivalents | 46,382 | (3,030) |
| Cash and cash equivalents, beginning of period | 245,599 | 248,629 |

7

\$ 291,981 \$ 245,599

(continued)

Cash and cash equivalents, end of period

_ _ _

Comparative Statement of Cash Flows (Continued) Years Ended December 31, 1995 and 1994

| | 1995 | 1994 |
|--|------------------|-----------|
| Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet: | | |
| Cash and cash equivalents, beginning of period - | | |
| Cash - unrestricted | \$ 47,852 | \$ 64,452 |
| Cash - restricted | 2,187 | 2,262 |
| Interest-bearing deposits - unrestricted | 79,926 | 100,745 |
| Interest-bearing deposits - restricted | 160,566 | 147,820 |
| Less: Certificates of deposit with a maturity | - | , |
| over three months when purchased | <u>(44,932</u>) | (66,650) |
| | | |

| Total cash and cash equivalents | 245,599 | 248,629 |
|---|----------------|-----------------|
| Cash and cash equivalents, end of period - | | |
| Cash - unrestricted | 72,574 | 47,852 |
| Cash - restricted | 2,494 | 2,187 |
| Interest-bearing deposits - unrestricted | 83,341 | 79,926 |
| Interest-bearing deposits - restricted | 181,022 | 160,566 |
| Less: Certificates of deposit with a maturity | | • |
| over three months when purchased | (47,450) | (44,932) |
| Total cash and cash equivalents | <u>291,981</u> | 245,599 |
| Net (decrease) increase | \$ 46,382 | \$ (3,030) |
| | | 3277 - <u> </u> |

The accompanying notes are an integral part of this statement.

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Notes to Financial Statements

Summary of Significant Accounting Policies (1)

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 following is a summary of certain significant accounting policies:

Financial Reporting Entity Α.

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.

Β. 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.

Fixed Assets and Long-Term Liabilities С.

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

Notes to Financial Statements (Continued)

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. <u>Basis of Accounting</u>

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, 1995.

E. <u>Interest-Bearing Deposits</u>

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. <u>Bad Debts</u>

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, 1995 and 1994 was \$543 and \$347, respectively.

Notes to Financial Statements (Continued)

G. <u>Vacation and Sick Leave</u>

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, 1995, the liability for accrued comp time and accrued vacation was \$2,978.

H. <u>Capitalization of Interest Expense</u>

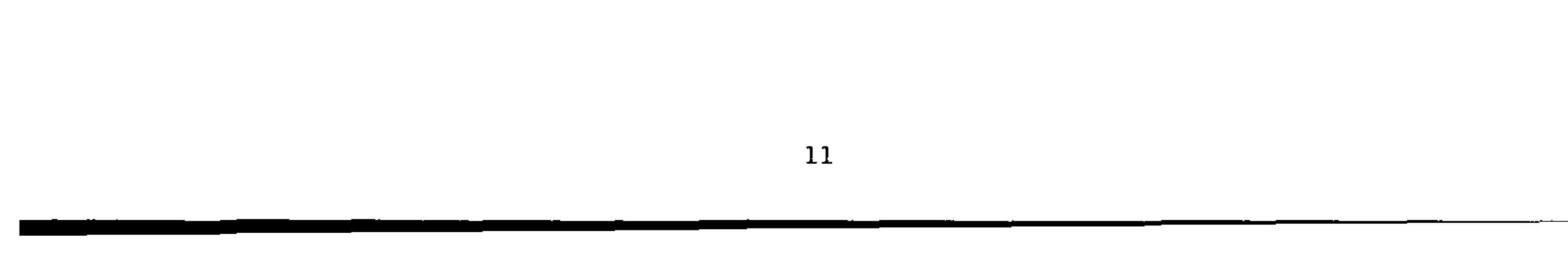
It is the policy of the East Allen Parish Waterworks District to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. At December 31, 1995 and 1994, there was no capitalized interest expense recorded due to immateriality.

I. <u>Comparative Data</u>

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. <u>Fund Equity</u>

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.



Notes to Financial Statements (Continued)

Cash and Interest-Bearing Deposits (2)

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, 1995 and 1994, the District had cash and interest-bearing deposits (book balances) totaling \$339,431 and \$290,531, respectively, as follows:

| | <u>1995</u> | <u> 1994 </u> |
|---|----------------|--------------------|
| Demand deposits | \$ 75,068 | \$ 50,039 |
| Time deposits and money market accounts | <u>264,363</u> | <u>240,492</u> |

Total

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, 1995 and 1994 were secured as follows:

| | 1995 | <u> 1994 </u> |
|--|-----------------------------|---------------------|
| Bank balances | \$341,585 | \$291,568 |
| Federal deposit insurance Pledged securities (Category 3) | \$260,564 <u>300,000</u> | \$291,568 |
| Total federal insurance and pledged securities | \$560,564 | \$291,568 |
| Evenes of foderal incurance and mladeed requirities | | |

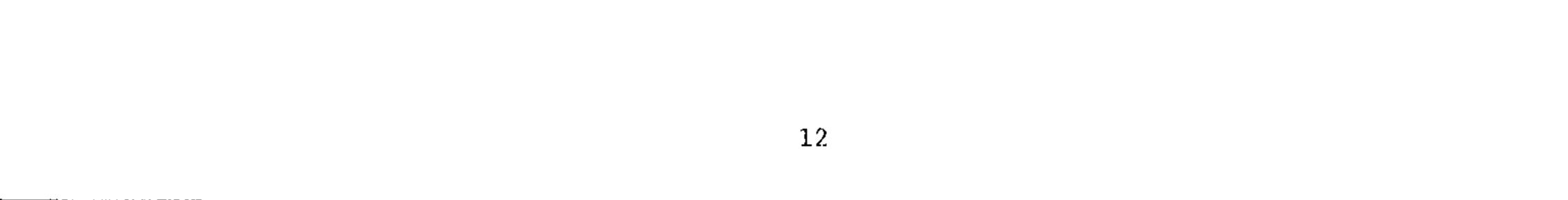
Excess of federal insurance and pledged securities over bank balances

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\$339,431

\$218,979

\$290,531



Notes to Financial Statements (Continued)

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.

(3) <u>Restricted Assets - Proprietary Fund Type</u>

Restricted assets were applicable to the following at December 31:

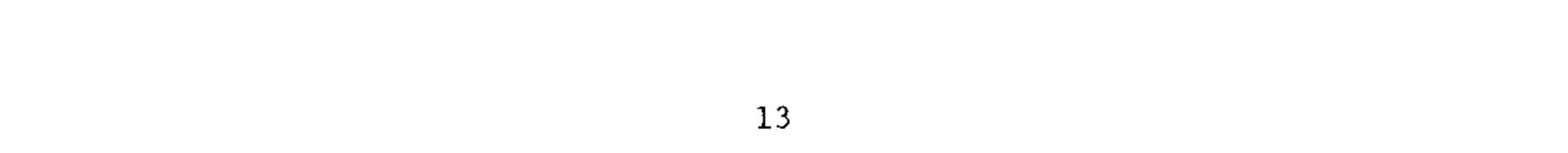
1995 1994

| Revenue bond and interest sinking account | \$112,111 | \$100,920 |
|---|--------------------------------|-------------------------------------|
| Revenue bond reserve account | 34,648 | 29,990 |
| Revenue bond contingency account | 34,263 | 29,656 |
| Customers' deposits | 2,494 | <u> </u> |
| | | |
| Total restricted assets | \$183,516 | \$162,753 |
| | ككرامات فشار وعد وموجوع معرفين | مروح میں ایک کرنے کی میں میں ایک کر |

(4) <u>Fixed Assets</u>

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

| | 1995 | 1994 |
|---|---|---|
| Land Buildings Furniture, fixtures and equipment Water system Total Less: Accumulated depreciation | \$22,938 297,586 22,240 <u>2,497,412</u> 2,840,176 <u>(588,893</u>) | \$22,938 293,686 17,954 <u>2,497,412</u> 2,831,990 (525,012) |
| Net Utility Fund property, plant and equipment | \$2,251,283 | \$2,306,978 |



Notes to Financial Statements (Continued)

(5) <u>Changes in Long-Term Debt</u>

The following is a summary of debt transactions of the District for the year ended December 31, 1995:

Utility Revenue Bonds Long-term debt payable at January 1, 1995 Long-term debt issued Long-term debt retired - 6,746

Long-term debt payable at December 31, 1995

Long-term debt payable at December 31, 1995, is composed of the following individual issue:

Utility Revenue Bonds:

\$907,000 Utility Revenue Bonds, due in annual installments of \$6,000 to \$65,000 through January 24, 2025; interest at 7,125 percent

\$766,415

\$766,415

The annual requirements to amortize all debts outstanding at December 31, 1995, including interest payments of \$1,056,601 are as follows:

| | Utility |
|--------------|--|
| December 31, | Revenue |
| | Bonds |
| 1996 | |
| 1997 | \$ 64,607 |
| 1998 | 63,895 |
| 1999 | 64,182 |
| 2000 | 63,398 |
| 2001-2005 | 63,615 |
| | 314,536 |
| 2006-2010 | ······································ |

14

2011-2015 2016-2020 2021-2025 312,036 316,136 318,423 242,188

\$1,823,016

Notes to Financial Statements (Continued)

(6) <u>Flow of Funds: Restrictions on Use - Utility Revenues</u>

Under the terms of the bond indenture on the \$907,000 water utility revenue bonds dated January 24, 1985, 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.

There shall also be set aside into a "Waterworks Reserve Fund" a monthly amount equal to 5 percent of the amount to be paid into the sinking fund until the sum of \$70,206 has been accumulated.

Funds will also be set aside into a "Waterworks Depreciation and Contingency Fund" of \$291 per month. 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.

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, 1995.

(7) <u>Retirement Commitments</u>

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, 1995 and 1994, amounted to \$709 and \$573, respectively.

In January, 1988, the East Allen Parish Waterworks District also approved the purchase of a group deferred nonparticipating tax sheltered annuity policy for District employees. 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

Notes to Financial Statements (Continued)

contribution to this plan during the fiscal year ended December 31, 1995 and 1994, amounted to \$2,380 and \$2,766, 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) <u>Pending Litigation</u>

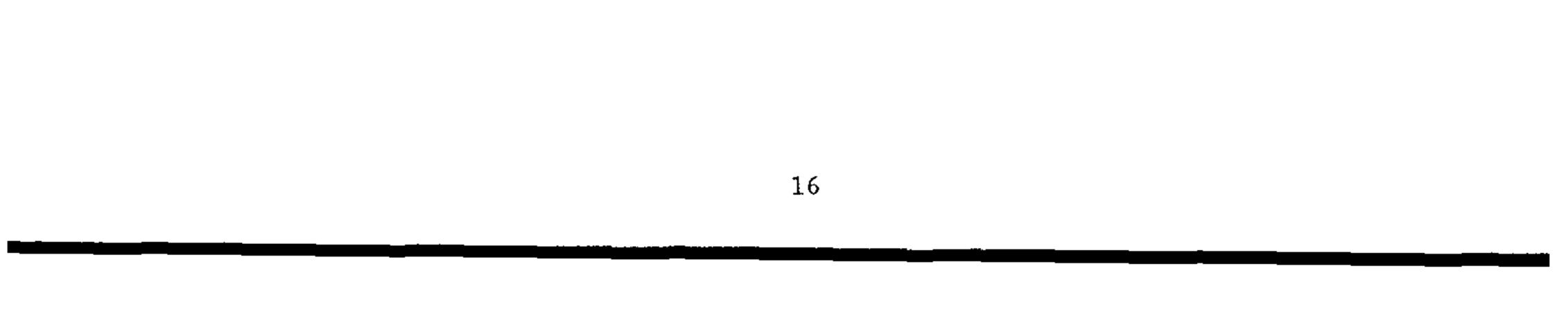
There is no litigation pending against the East Allen Parish Waterworks District at December 31, 1995.

(9) <u>Contributed Capital</u>

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.

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 | <u> </u> | | 369,091 |
| Net contributed capital | \$1,565,909 | 68,674 | \$1,634,583 |



Notes to Financial Statements (Continued)

(10) <u>Compensation of Board Members</u>

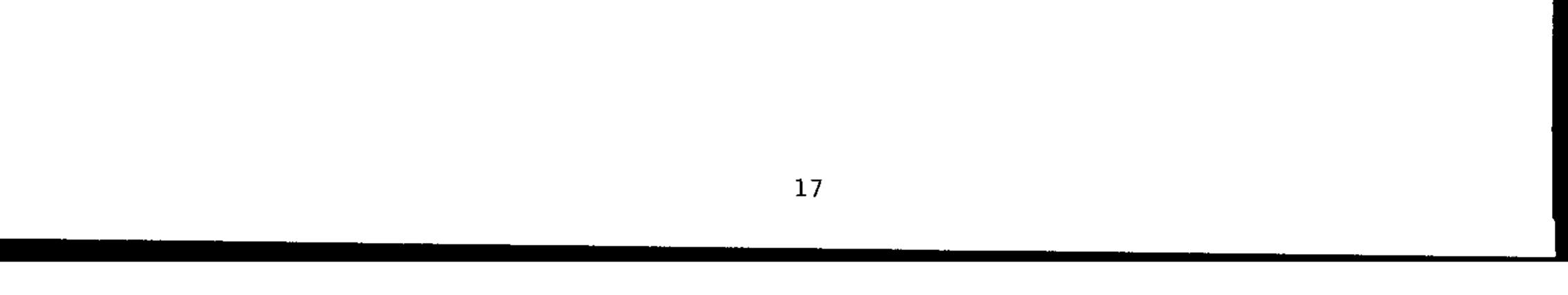
A detail of compensation paid to the President of the Board and board members for the year ended December 31, 1995 follows:

| Pearl Shuff, President | \$ 720 |
|------------------------|---------------------|
| Board members: | |
| Benton Smith | 660 |
| Malcolm Bertrand | 720 |
| Essie Victorian | 720 |
| Joseph Fontenot | 660 |
| J.D. Langley | 720 |
| Chyralan Hebert | <u> 300 </u> |

\$4,500

And the second second second

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SUPPLEMENTARY INFORMATION

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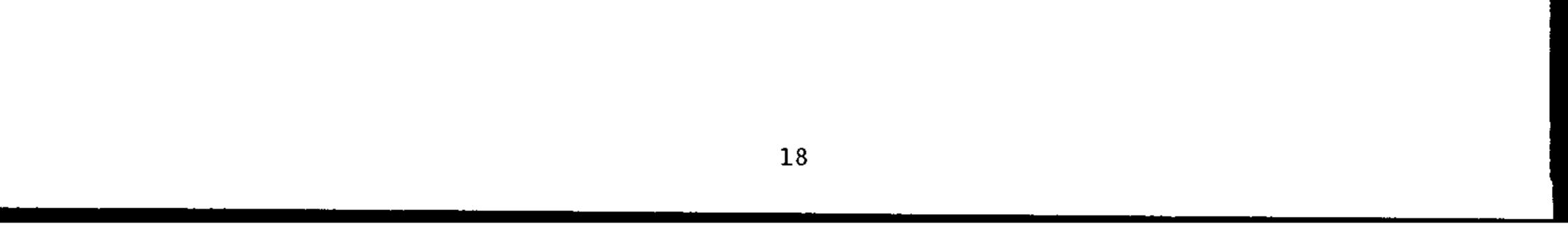
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INTERNAL CONTROL

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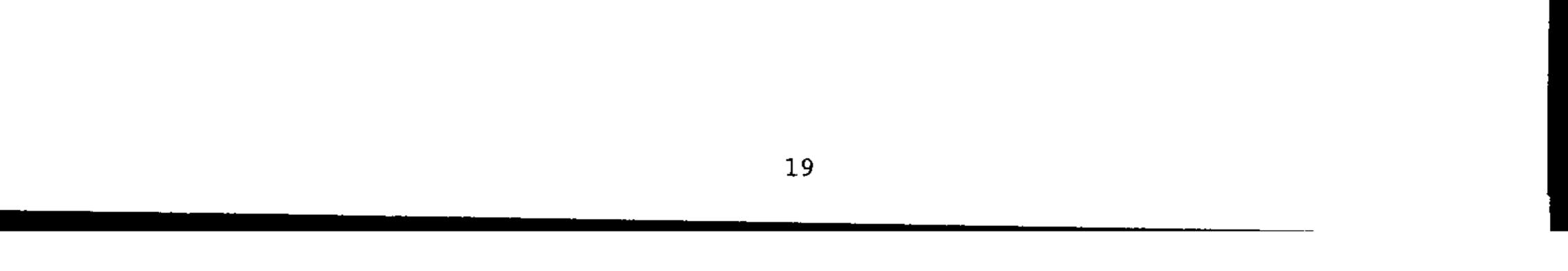
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COMPLIANCE



DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

(A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS)

Offices.

| E ∈arry Sikes, CPA C. Burton Kolder, CPA Danny P. Frederick, CPA | RETIRED | | 125 Rue Beauregard Lafayette, LA 70508 (318) 232-3312 |
|---|-----------------------------|---|---|
| Chris Rainey, CPA Clayton E: Darnall, CPA Eugene H: Darnall, III, CPA Russell F: Champagne, CPA Victor R: Slaven, CPA | Eugene H. Darnall, CPA 1990 | | 1201 Brashear Avenue Suite 301 Morgan City, LA 70380 (504) 384-6264 |
| Conrad O. Chapman, CPA Lloyd F. Dore', Jr. CPA Paula D. Bihm, CPA Christine L. Cousin, CPA Stephanie M. Higginbotham, CPA Stephanie T. Darnall, CPA Jenniller S. Ziegler, CPA P. Troy Courville, CPA Stephen R. Dischler, MBA, CPA Douglas D. Marcantel, CPA | Α | Independent Auditor's Report on Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> | 408 W. Cotton Street Ville Platte, LA 70586 (318) 363-2792 113 East Bridge Street Breaux Bridge, LA 70517 (318) 332-4020 404 Pere Megret Abbeville, LA 70510 (318) 893-5470 |

1231 E. Laurel Avenue Eunice, LA 70535 (318) 457-4146

2011 MacArthur Drive Building 1 Alexandria, LA 71301 (318) 445-5564

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

We have audited the general purpose financial statements of East Allen Parish Waterworks District, a component unit of the Allen Parish Police Jury for the year ended December 31, 1995, and have issued our report thereon dated May 24, 1996.

We conducted our audit in accordance with generally accepted auditing standards, <u>Government Auditing Standards</u>, 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.

The management of East Allen Parish Waterworks District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of East Allen Parish Waterworks District for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS 20

MEMBER OF

relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to the significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees the District did not have adequate segregation of functions within the accounting system.

Recommendation:

Based upon the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response:

No response is considered necessary.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable condition described above is a material weakness.

This report is intended for the information of the District's Board of Commissioners and the Allen Parish Police Jury. However, this report is a matter of public record and its distribution is not limited.

Darnall, Sikes, Kolder, Frederick & Rainey

A Corporation of Certified Public Accountants

Lafayette, Louisiana May 24, 1996

DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

(A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS)

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| Conrad O. Chapman, CPA Lloyd F. Dore', Jr. CPA Paula D. Bihm, CPA | Independent Auditor's Report on Compliance Based on an Audit | 408 W. Cotton Street Ville Platte, LA 70566 (318) 363-2792 |
| Christine L. Cousin, CPA Stephanie M. Higginbotham, CF Kathleen T. Darnall, CPA Jennifer S. Ziegler, CPA | of General Purpose Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> | 113 East Bridge Street Breaux Bridge, LA 70517 (318) 332-4020 |
| P. Troy Courville, CPA Stephen R. Dischler, MBA, CPA Douglas D. Marcantel, CPA | Governmente Audrerng beandares | 404 Pere Megret Abbeville, LA 70510 (318) 893-5470 |
| | | 1231 E. Laurel Avenue Eunice, LA 70535 (318) 457-4146 |
| | ard of Commissioners | 2011 MacArthur Drive |
| East A | llen Parish Waterworks District | Building 1 Alexandria, LA 71301 |
| Oberli | n, Louisiana | (318) 445-5564 |

We have audited the general purpose financial statements of East Allen Parish Waterworks District, a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 1995, and have issued our report thereon dated May 24,

1996.

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.

Compliance with laws, regulations, contracts, and grants applicable to East Allen Parish Waterworks District is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. 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.

This report is intended for the information of the District's Board of Commissioners and the Allen Parish Police Jury. However, this report is a matter of public record and its distribution is not limited.

Darnall, Sikes, Kolder, Frederick & Rainey

A Corporation of Certified Public Accountants

Lafayette, Louisiana May 24, 1996

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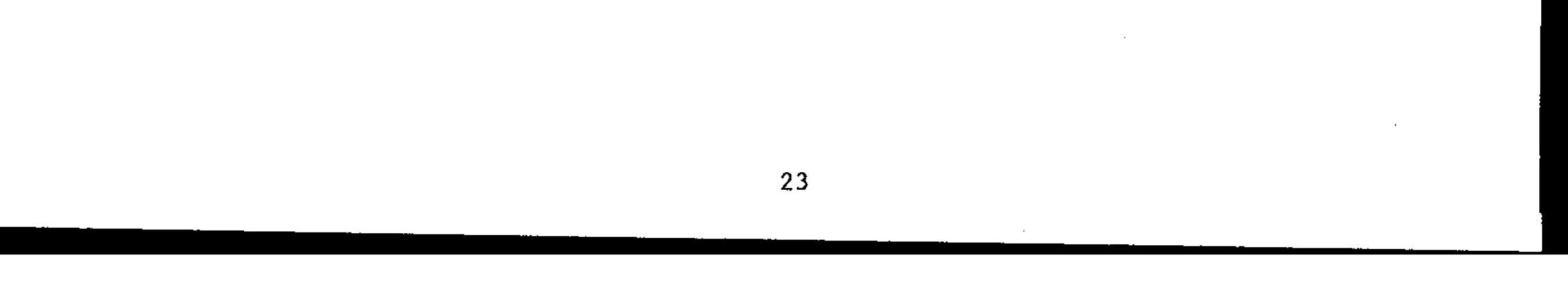
OTHER SUPPLEMENTARY INFORMATION

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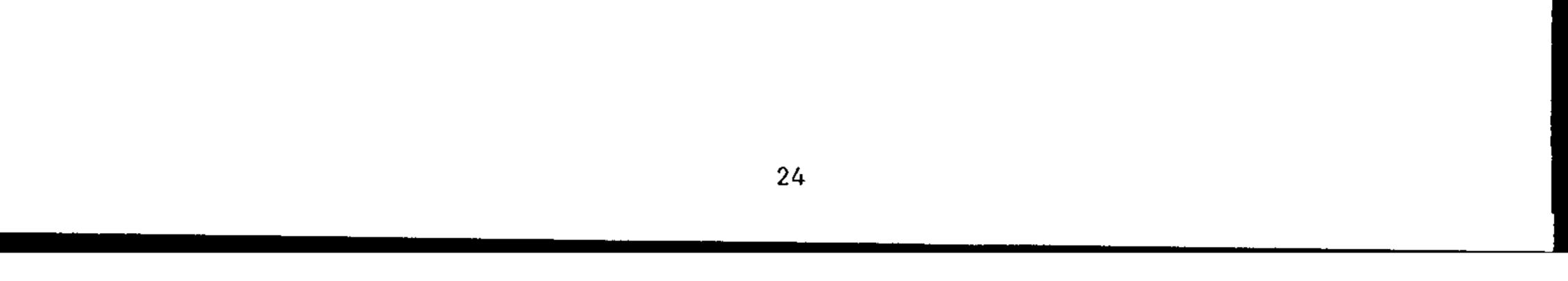


EAST ALLEN PARISH WATERWORKS DISTRICT Oberlin, Louisiana Enterprise Fund Utility Fund

Schedule of Number of Utility Customers (Unaudited) December 31, 1995

Records maintained by the East Allen Parish Waterworks District indicated the following number of customers were being serviced during the month of December, 1995:

Water (metered) 716



Schedule of Insurance in Force (Unaudited) December 31, 1995

| Description of Coverage | <u>Coverage Amounts</u> |
|--|-------------------------|
| Workmen's compensation: Employee's liability | Statutory \$100,000 |
| Surety bonds: Position bonds - Board president District clerk | 40,000 40,000 |
| Blanket coverage on buildings, contents, and equipment | 155,000 |
| General liability: | |

Fire and lightning coverage on building

Electronic data processing coverage

4,000

125,000

