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STATE OF LOUISIANA
REVENUE DEPARTMENT

EAST ALLEN PARISH WATERWORKS DISTRICT
Orleans, Louisiana

Financial Report

Year Ended December 31, 1966

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: July 5, 1967

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DARNALL, BIKES, KOLDER, FREDERICK & RAINEY

(CORPORATION OF MISSISSIPPI REGISTERED ACCOUNTANTS)

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INDEPENDENT AUDITOR'S 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 East Allen Parish Police Jury, as of and for the year ended December 31, 1996. 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, 1996, 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.

MEMPHIS
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MEMPHIS, MISSISSIPPI

The financial information for the preceding year, which is included for comparative purposes was taken from the financial report dated May 24, 1996 for that year in which we expressed an unqualified opinion on the general purpose financial statements of East Allen Parish Metairie District.

In accordance with Government Auditing Standards, we have also issued a report dated June 14, 1997 on our reexamination of the District's internal control structure and a report dated June 14, 1997 on its compliance with laws and regulations.

Dornell, Sikes, Kolder, Frederick & Rainey

A Corporation of Certified Public Accountants

Lafayette, Louisiana
June 14, 1997

GENERAL PURPOSE FINANCIAL STATEMENTS

EAST ALLEN WATER UTILITY DISTRICT
 Oberlin, Louisiana
 Proprietary Fund Type: Enterprise Fund
 Utility Fund

Comparative Balance Sheet
 December 31, 1996 and 1995

	1996	1995
ASSETS		
Current assets:		
Cash	\$ 78,489	\$ 72,374
Time deposits	86,984	83,361
Accounts Receivable, net of allowance for uncollectible accounts (1996 - \$225; 1995 - \$561)	16,960	17,569
Accrued Interest	381	293
Prepaid expenses	_____	_____
Total current assets	183,814	173,127
Restricted assets:		
Revenue bond and interest sinking account - Interest-bearing deposits	120,894	112,141
Revenue bond reserve account - Interest-bearing deposits	19,287	36,648
Revenue bond contingency account - Interest-bearing deposits	38,860	36,283
Customer deposits - Cash	2,508	2,385
Total restricted assets	201,549	187,457
Property, plant and equipment:		
Property, plant and equipment at cost, net of accumulated depreciation (1996 \$638,775; 1995 \$688,893)	2,310,332	2,250,383
Good lease costs, net of accumulated amortization (1996 \$13,432; 1995 \$22,543)	33,542	36,856
Organization costs, net of accumulated amortization (1996 \$7,649; 1995 \$6,813)	31,781	22,517
Total assets	\$2,661,879	\$2,468,330

The accompanying notes are an integral part of this statement.

	<u>1998</u>	<u>1999</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Current liabilities (payable from current assets) -		
Accounts payable	\$ 5,058	\$ 5,898
Accrued liabilities	<u>3,155</u>	<u>1,493</u>
Total current liabilities (payable from current assets)	<u>8,213</u>	<u>7,391</u>
Current liabilities (payable from restricted assets) -		
Revenue bonds payable	18,880	18,880
Interest payable	33,895	34,600
Customer's deposits	<u>2,388</u>	<u>2,025</u>
Total current liabilities (payable from restricted assets)	<u>55,153</u>	<u>55,505</u>
Long-term liabilities -		
Revenue bonds payable	746,415	756,415
Compensated absences payable	<u>5,886</u>	<u>3,818</u>
Total long-term liabilities	<u>752,301</u>	<u>760,233</u>
Total liabilities	<u>835,767</u>	<u>823,129</u>
Fund equity:		
Contributed capital -		
Waterworks district customers	48,474	48,474
Federal grants, net of accumulated amortization (1996 \$488,389; 1995 \$369,891)	<u>1,555,711</u>	<u>1,563,268</u>
Total contributed capital	<u>1,604,185</u>	<u>1,611,742</u>
Retained earnings -		
Reserved for revenue bond retirement	135,156	116,415
Unreserved	<u>88,617</u>	<u>86,718</u>
Total retained earnings	<u>223,773</u>	<u>203,133</u>
Total fund equity	<u>1,827,958</u>	<u>1,814,875</u>
Total liabilities and fund equity	<u>\$2,663,725</u>	<u>\$2,638,004</u>

EAST GULLS PARISH WATERWORKS DISTRICT
 Iberia, Louisiana
 Proprietary Fund Type Enterprise Fund
 Utility Fund

Comparative Statement of Revenues, Expenses and
 Changes in Retained Earnings
 Years Ended December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Operating revenues:		
Charges for services -		
Water sales	\$229,361	\$229,190
Fees	3,395	3,400
Miscellaneous	<u>2,814</u>	<u>2,337</u>
Total operating revenues	<u>235,570</u>	<u>235,167</u>
Operating expenses:		
Salaries	64,464	49,688
Payroll taxes	864	890
Insurance	6,790	6,854
Office expenses	2,763	3,452
Telephone and utilities	19,893	17,315
Uniforms	852	673
Supplies and parts	18,313	24,283
Amortization	2,028	2,879
Depreciation	67,888	63,881
Bad debts expense	70	718
Accounting fees	3,280	3,553
Maintenance and repairs	7,667	3,268
Retirement expenses	3,236	2,389
Travel expenses	8,880	5,280
Miscellaneous expenses	<u>2,186</u>	<u>538</u>
Total operating expenses	<u>309,480</u>	<u>276,632</u>
Operating income	<u>26,090</u>	<u>58,535</u>
Nonoperating revenues (expenses):		
Interest income	8,550	8,085
Interest expense	<u>(122,825)</u>	<u>(26,687)</u>
Total nonoperating expenses	<u>(114,275)</u>	<u>(18,602)</u>
Net Income (Loss)	<u>(11,185)</u>	<u>39,933</u>
Add: Depreciation on fixed assets acquired by Federal grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital	<u>28,158</u>	<u>38,988</u>
Increase in retained earnings	<u>16,973</u>	<u>78,921</u>
Retained earnings, beginning	<u>200,715</u>	<u>162,560</u>
Retained earnings, ending	<u>\$217,688</u>	<u>\$241,481</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, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Cash flows from operating activities:		
Operating income	\$ 28,390	\$ 82,553
Adjustments to reconcile net income to net cash provided by operating activities -		
Depreciation	67,882	63,881
Accretion	2,806	2,806
Increase (decrease) in provision for uncollectible accounts	(14)	396
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	389	(7,970)
Decrease in prepaid expenses	371	10
(Decrease) in accounts payable	(793)	2,385
Increase (decrease) in accrued liabilities	(297)	3
Increase (decrease) in compensated absence payable	2,318	(38,860)
Total adjustments	<u>13,282</u>	<u>30,125</u>
Net cash provided by operating activities	<u>162,222</u>	<u>118,827</u>
Cash flows used by capital and related financing activities:		
Proceeds from meter deposits	525	590
Refund of meter deposits	(340)	(354)
Acquisition of property, plant and equipment	(24,325)	(8,184)
Interest and fiscal charges paid on revenue bonds	(34,487)	(36,688)
Principal paid on revenue bonds	<u>(128,680)</u>	<u>(48,126)</u>
Net cash used by capital and related financing activities	<u>(181,317)</u>	<u>(68,316)</u>
Cash flows from investing activities:		
Net proceeds in redemptions and purchases of certificates of deposits	(2,484)	(2,337)
Interest received on interest-bearing deposits	<u>8,322</u>	<u>8,656</u>
Net cash provided by investing activities	<u>5,838</u>	<u>6,319</u>
Net increase in cash and cash equivalents	18,894	44,387
Cash and cash equivalents, beginning of period	<u>281,381</u>	<u>263,352</u>
Cash and cash equivalents, end of period	<u>\$ 299,875</u>	<u>\$ 297,691</u>

(continued)

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

Comparative Statement of Cash Flows (Continued)
 Years Ended December 31, 1986 and 1985

	<u>1986</u>	<u>1985</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash - unrestricted	\$ 72,574	\$ 47,852
Cash - restricted	3,494	3,182
Interest-bearing deposits - unrestricted	85,341	79,936
Interest-bearing deposits - restricted	181,022	146,566
Less: Certificates of deposit with a maturity over three months when purchased	<u>(61,422)</u>	<u>(58,737)</u>
Total cash and cash equivalents	<u>280,988</u>	<u>268,799</u>
Cash and cash equivalents, end of period -		
Cash - unrestricted	79,489	72,574
Cash - restricted	3,588	3,494
Interest-bearing deposits - unrestricted	86,984	83,341
Interest-bearing deposits - restricted	198,061	182,007
Less: Certificates of deposit with a maturity over three months when purchased	<u>(58,128)</u>	<u>(42,450)</u>
Total cash and cash equivalents	<u>309,994</u>	<u>298,986</u>
Net increase	<u>\$ 28,986</u>	<u>\$ 30,187</u>

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, Methods of State and Local Governmental Units.

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.

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.

EAST ALLEN PARISH WATERWORKS DISTRICT
Bertie, Louisiana

Notes to Financial Statements (Continued)

The proprietary fund is accounted for as 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 depreciable 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 measurement 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, 1996.

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, 1996 and 1995 was \$305 and \$343 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, 1996, the liability for accrued comp time and accrued vacation was \$5,498.

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, 1996 and 1995, 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 appropriate for expenditures or legally separated for a specific future use.

EAST ALEXIS PARISH WATERWORKS DISTRICT
 Iberia, 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, 1996 and 1995, the District had cash and interest-bearing deposits (bank balances) totaling \$158,853 and \$139,431, respectively, as follows:

	<u>1996</u>	<u>1995</u>
Demand deposits	\$ 72,998	\$ 75,868
Time deposits and money market accounts	<u>85,855</u>	<u>63,563</u>
Total	<u>\$158,853</u>	<u>\$139,431</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent 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, 1996 and 1995 were secured as follows:

	<u>1996</u>	<u>1995</u>
Bank balances	<u>\$158,191</u>	<u>\$161,785</u>
Federal deposit insurance	\$268,321	\$268,364
Pledged securities (Category 3)	<u>368,158</u>	<u>368,089</u>
Total Federal insurance and pledged securities	<u>\$646,670</u>	<u>\$646,564</u>
Excess of federal insurance and pledged securities over bank balances	<u>\$488,479</u>	<u>\$484,779</u>

EAST ALLEN PARISH WATERWORKS DISTRICT
Shreveport, Louisiana

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 38:1279 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 90 days of being notified by the District that the financial agent has failed to pay deposited funds upon demand.

(C) Restricted Assets - Proprietary Fund Type

Restricted assets were applicable to the following at December 31:

	<u>1996</u>	<u>1995</u>
Revenue bond and interest sinking account	\$128,854	\$112,131
Revenue bond reserve account	38,387	38,668
Revenue bond contingency account	38,860	38,363
Customers' deposits	<u>2,388</u>	<u>2,388</u>
Total restricted assets	\$208,489	\$191,548

(D) Fixed Assets

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

	<u>1996</u>	<u>1995</u>
Land	\$ 22,838	\$ 22,838
Buildings	287,586	290,586
Furniture, fixtures and equipment	68,868	39,360
Water system	<u>2,481,612</u>	<u>2,482,612</u>
Total	2,860,904	2,845,406
Less: Accumulated depreciation	<u>(658,732)</u>	<u>(588,858)</u>
Net Utility Fund property, plant and equipment	\$2,202,172	\$2,256,548

EAST ALLEN PARISH INTERMEDIC DISTRICT
Orleans, 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, 1996:

	Utility Revenue Bonds
Long-term debt payable on January 1, 1996	\$766,433
Long-term debt issued	-
Long-term debt retired	<u>118,089</u>
Long-term debt payable on December 31, 1996	<u>\$648,344</u>

Long-term debt payable on December 31, 1996, is composed of the following individual issues:

Utility Revenue Bonds:

\$607,000 Utility Revenue Bonds, due in annual installments of \$6,000 to \$63,000 through January 26, 2022; interest at 7.325 percent	\$756,433
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The annual requirements to service all debts outstanding at December 31, 1996, including interest payments of \$1,081,894 are as follows:

December 31,	Utility Revenue Bonds
1993	\$ 65,000
1998	66,182
1999	67,368
2000	68,553
2001	69,738
2001-2004	104,548
2001-2001	107,196
2012-2014	106,561
2017-2021	108,573
2022-2023	<u>118,089</u>
	<u>\$1,798,699</u>

EAST ALLEN PARISH WATERWORKS DISTRICT
Bossier, Louisiana

Notes to Financial Statements (Continued)

(4) Use of Funds; Restrictions on Use - Utility Revenues

Under the terms of the bond indentures on the \$900,000 water utility revenue bonds dated January 24, 1985, all income and revenues (hereinafter referred to as Revenues) 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 from the sinking fund until the sum of \$78,288 has been accumulated.

Funds will also be set aside into a "Waterworks Depreciation and Contingency Fund" of \$294 per month. Monies in this fund shall be used to pay the major repairs due to damage caused by unforeseen catastrophes 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 indentures at December 31, 1990.

(5) 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, 1989 and 1990, amounted to \$175 and \$189, respectively.

East Allen Parish Waterworks District employees contribute to a group deferred nonparticipating tax sheltered annuity policy. The District pays 50 percent and each employee 50 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

EAST ALLEN PARISH WATERWORKS DISTRICT
 Oberlin, Louisiana

Notes to Financial Statements (Continued)

fiscal year ended December 31, 1974 and 1975, amounted to \$7,824 and \$2,340, 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.

(6) Pending Litigation

There is no litigation pending against the East Allen Parish Waterworks District as of December 31, 1976.

(7) Contributed Capital

Amounts contributed to enterprise funds for acquisition or construction of fixed assets are recognized as contributed capital. Contributed capital generated through grants is normally restricted for capital acquisitions in accordance with the depreciation recognized on that portion of the assets acquired or constructed from such grants. This amortization is closed to the appropriate contributed capital accounts 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	\$1,915,000	\$68,426	\$1,983,426
Less: Accumulated amortization	—(668,387)	—	(668,387)
Net contributed capital	\$1,246,613	\$68,426	\$1,315,039

EAST ALLEN PARISH INTERCOMMOD DISTRICT
Sheriff, Louisiana

Notes on Financial Statements (Continued)

(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, 1996 follows:

Paul Huff, President	\$ 900
Board members:	
Barton Smith	900
Malcolm Brinson	900
Barrie Wickertson	900
Joseph Fontenot	900
J. D. Langley	900
Paul Young	900
	5,400

SUPPLEMENTARY INFORMATION

INTERNAL CONTROL

AND

COMPLIANCE

relevant policies and procedures and whether they have been placed in operation, and we assumed 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
June 14, 1997

DARNALL, SIKES, KOLDER, FREDERICK & RAINY

a corporation of certified public accountants

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MEMORANDUM

Report Dated: June 16, 1997

Client: East Allen Parish
Address: 1000 N. 1st St.
Baton Rouge, LA 70802
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Baton Rouge, LA 70802

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

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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, as of and for the year ended December 31, 1996, and have issued our report thereon dated June 16, 1997.

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 submitted 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 & Rainy
a corporation of certified public accountants

Baton Rouge, Louisiana
June 16, 1997

MEMBER OF
SERVICES GROUP
MEMBER OF THE
SERVICES GROUP
MEMBER OF THE
SERVICES GROUP

OTHER SUPPLEMENTARY INFORMATION

WEST ALLEN PARISH VETERANS DISTRICT
Berida, Louisiana
Benevolent Fund
Fidelity Fund

Schedule of Number of Utility Customers
(Unaudited)
December 31, 1996

Records maintained by the West Allen Parish Veterans District indicated the following number of customers were being serviced during the month of December, 1996:

Water (metered)	344
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