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**EAST RICHLAND WATERWORKS DISTRICT  
Delhi, Louisiana**

**COMPONENT UNIT FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT  
AS OF AND FOR THE TWO YEARS ENDED  
DECEMBER 31, 1997 AND 1998  
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

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 7-28-99

**EAST RICHLAND WATERWORKS DISTRICT  
Delhi, Louisiana**

**COMPONENT UNIT FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT  
AS OF AND FOR THE TWO YEARS ENDED  
DECEMBER 31, 1997 AND 1998**

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**EAST RICHLAND WATERWORKS DISTRICT  
Delhi, Louisiana**

**COMPONENT UNIT FINANCIAL STATEMENTS  
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INDEPENDENT AUDITORS' REPORT

BOARD OF COMMISSIONERS  
EAST RICHLAND WATERWORKS DISTRICT  
RICHLAND PARISH, LOUISIANA

I have audited the component unit financial statements of East Richland Waterworks District as of and for the two years ended December 31, 1997 and 1998 as listed in the table of contents. These component unit financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these component unit financial statements based on my audit.

Except as discussed in the following paragraph, I conducted my 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 and the U.S. Department of Agriculture Farmer's Home Administration Audit Program. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosures of certain matters regarding the Year 2000 Issue. East Richland Waterworks District has included such disclosures in Note 8. Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the District's disclosures with respect to the Year 2000 Issue made in Note 8. Further, I do not provide assurance that the District is or will be year 2000 ready, that the District's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the District does business will be year 2000 ready.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to examine evidence regarding year 2000 disclosures, the component unit financial statements referred to above present fairly, in all material respects, the financial position of East Richland Waterworks District as of and for the two years ended December 31, 1997 and 1998, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

Board of Commissioners  
East Richland Waterworks District  
Richland Parish, Louisiana

In accordance with Government Auditing Standards, I have also issued my report dated May 27, 1999 on my consideration of East Richland Waterworks District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the component unit financial statements of East Richland Waterworks District. Such information has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in my opinion, is fairly presented in all material respects in relation to the component unit financial statements taken as a whole.



BONNIE T. ROBINETTE, C.P.A.

Monroe, Louisiana  
May 27, 1999

**EAST RICHLAND WATERWORKS DISTRICT  
Delhi, Louisiana**

**STATEMENT A**

**COMPONENT UNIT FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT  
AS OF AND FOR THE TWO YEARS ENDED  
DECEMBER 31, 1997 AND 1998**

**BALANCE SHEETS**

	<u>1998</u>	<u>1997</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 37,108	\$ 19,974
Investments	36,005	34,436
Accounts receivable - net of allowance of \$1,349 in 1997 and \$2,119 in 1998	16,390	11,874
Prepaid expenses	<u>269</u>	<u>424</u>
Total current assets	<u>89,772</u>	<u>66,708</u>
Restricted assets - cash	30,180	28,601
Property, plant, and equipment (net of accumulated depreciation)	<u>219,336</u>	<u>229,092</u>
<b>TOTAL ASSETS</b>	<b><u>\$339,288</u></b>	<b><u>\$324,401</u></b>
<b>LIABILITIES AND FUND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 6,020	\$ 8,224
Accrued salaries and other expenses	3,351	5,286
Interest payable on long-term debt	1,545	1,594
Customer deposits	9,045	8,125
Current maturities of long-term debt	<u>3,521</u>	<u>3,354</u>
Total current liabilities	23,482	26,583
Bonds payable	<u>103,923</u>	<u>107,443</u>
Total liabilities	<u>127,405</u>	<u>134,026</u>
Fund equity:		
Retained earnings	<u>211,883</u>	<u>190,375</u>
Total fund equity	<u>211,883</u>	<u>190,375</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$339,288</u></b>	<b><u>\$324,401</u></b>

The accompanying notes are an integral part of this statement.

**EAST RICHLAND WATERWORKS DISTRICT  
Delhi, Louisiana**

**STATEMENT B**

**COMPONENT UNIT FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT  
AS OF AND FOR THE TWO YEARS ENDED  
DECEMBER 31, 1997 AND 1998**

**STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS**

	<u>1998</u>	<u>1997</u>
<b>OPERATING REVENUES</b>		
Water sales	\$ 147,277	\$ 129,208
Other fees and charges	<u>2,347</u>	<u>8,449</u>
Total operating revenues	<u>149,624</u>	<u>137,657</u>
 <b>OPERATING EXPENSES</b>		
Administrative	1,903	2,878
Bad debt expense	770	(434)
Depreciation	9,756	9,356
Directors fees	1,000	1,000
Insurance	1,716	1,424
Other expenses	143	0
Professional fees	987	5,630
Repairs and maintenance	1,967	3,663
Salaries and wages	25,332	29,734
Taxes and licenses	3,095	3,295
Water purchases	<u>88,596</u>	<u>75,664</u>
Total operating expenses	<u>135,265</u>	<u>132,210</u>
 <b>OPERATING INCOME</b>	 14,359	 5,447
 <b>NON-OPERATING REVENUES (EXPENSES)</b>		
Grants	10,000	0
Interest income	2,644	2,816
Interest expense	<u>(5,495)</u>	<u>(5,654)</u>
Total non-operating revenues (expenses)	<u>7,149</u>	<u>(2,838)</u>
 <b>NET INCOME (LOSS)</b>	 21,508	 2,609
 <b>RETAINED EARNINGS (DEFICIT) AT BEGINNING OF YEAR</b>	 <u>190,375</u>	 <u>187,766</u>
 <b>RETAINED EARNINGS (DEFICIT) AT END OF YEAR</b>	 <u>\$ 211,883</u>	 <u>\$ 190,375</u>

The accompanying notes are an integral part of this statement.

**EAST RICHLAND WATERWORKS DISTRICT  
Delhi, Louisiana**

**STATEMENT C**

**COMPONENT UNIT FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT  
AS OF AND FOR THE TWO YEARS ENDED  
DECEMBER 31, 1997 AND 1998**

**STATEMENTS OF CASH FLOWS**

	<u>1998</u>	<u>1997</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers and grant	\$155,258	\$140,292
Cash paid to suppliers and employees	(119,951)	( 102,674)
Cash paid to others for services, taxes, etc.	<u>( 8,771)</u>	<u>(16,170)</u>
Net cash provided by operating activities	<u>26,536</u>	<u>21,448</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Long-term bond proceeds	-	-
Acquisition and construction of fixed assets	-	(22,459)
Principal on long-term bonds	( 3,353)	( 3,195)
Interest on long-term bonds	<u>(5,544)</u>	<u>(5,700)</u>
Net cash used for capital financing activities	<u>(8,897)</u>	<u>(31,354)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on deposits	2,036	2,242
Purchase long-term certificate of deposit	(1,569)	(1,575)
Transfers to reserve accounts	<u>( 972)</u>	<u>(1,944)</u>
Net cash (used for) provided by investing activities	<u>(505)</u>	<u>(1,277)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<u>17,134</u>	<u>(11,183)</u>
<b>CASH AT BEGINNING OF YEAR</b>	<u>19,974</u>	<u>31,157</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 37,108</u>	<u>\$ 19,974</u>

The accompanying notes are an integral part of this statement.



**EAST RICHLAND WATERWORKS DISTRICT  
Delhi, Louisiana**

**STATEMENT C**

**COMPONENT UNIT FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT  
AS OF AND FOR THE TWO YEARS ENDED  
DECEMBER 31, 1997 AND 1998**

**STATEMENTS OF CASH FLOWS**

RECONCILIATION OF OPERATING INCOME TO NET  
CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 24,359	\$ 5,447
Adjustments to reconcile operating income to net cash provided by operating activities:		
Bad debt expense	770	(434)
Depreciation	9,756	9,356
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	( 5,286)	1,530
(Increase) decrease in prepaid expenses	155	-
Increase (decrease) in accounts payable	(2,204)	2,709
Increase (decrease) in salaries payable	(1,852)	1,742
Increase (decrease) in taxes payable	( 82)	( 7)
Increase in customer deposits	<u>920</u>	<u>1,105</u>
Total adjustments	<u>2,177</u>	<u>16,001</u>
Net cash provided by operating activities	<u>\$ 26,536</u>	<u>\$ 21,448</u>

The accompanying notes are an integral part of this statement.

**EAST RICHLAND WATERWORKS DISTRICT**  
**Delhi, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE TWO YEARS ENDED**  
**DECEMBER 31, 1997 AND 1998**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

East Richland Waterworks District (the District) was created by the Richland Parish Police Jury, as authorized by Chapter 8 of Title 33 of the Louisiana Revised Statutes of 1950. The District is governed by a five-member board appointed by the police jury. The District is responsible for maintaining and operating the water distribution system within the boundaries of the district. At December 31, 1997 and 1998, the District had 578 and 590 residential customers, respectively.

**A. REPORTING ENTITY**

As the governing authority of the parish, for reporting purposes, the Richland Parish Police Jury is the financial reporting entity for the parish. The financial reporting entity consists of (1) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria determining which component units should be considered part of the Richland Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
  - a. The ability of the police jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints the commissioners of the District and provides water service to residents within Richland Parish, the District was determined to be a component unit of the Richland Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**EAST RICHLAND WATERWORKS DISTRICT  
Delhi, Louisiana**

**NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE TWO YEARS ENDED  
DECEMBER 31, 1997 AND 1998**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**B. FIXED ASSETS AND LONG-TERM DEBT**

Fixed assets of the District are included on the balance sheet of the proprietary fund. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over a 40-year estimated useful life for water lines and over the estimated useful life of other equipment.

**C. 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 Enterprise Fund is reported in the accompanying financial statements on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**D. CASH AND INVESTMENTS**

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

**E. VACATION AND SICK LEAVE**

The District's three part-time employees receive no vacation and sick leave each year.

**F. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates made by management.

**EAST RICHLAND WATERWORKS DISTRICT**  
**Delhi, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE TWO YEARS ENDED**  
**DECEMBER 31, 1997 AND 1998**

**NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

At December 31, 1998, the District has cash and cash equivalents (book balances) and investments in certificates of deposits as follows:

	<u>1998</u>	<u>1997</u>
Demand deposits	<u>\$37,108</u>	<u>\$19,974</u>
Time deposits	<u>\$36,005</u>	<u>\$34,436</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. 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. At December 31, 1998, the District has \$103,880 in deposits (collected bank balances) at two local banks. These deposits are secured from risk by \$103,880 of federal deposit insurance.

**NOTE 3 - FIXED ASSETS**

A summary of fixed assets at December 31, 1997 and 1998 follow:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
<u>1998</u>			
Water lines	\$ 384,479	\$165,484	\$ 218,995
Equipment	<u>7,741</u>	<u>7,400</u>	<u>341</u>
Total	<u>\$ 392,220</u>	<u>\$ 172,884</u>	<u>\$ 219,336</u>
<u>1997</u>			
Water lines	\$ 384,479	\$ 155,873	\$ 228,606
Equipment	<u>7,741</u>	<u>7,255</u>	<u>486</u>
Total	<u>\$ 392,220</u>	<u>\$ 163,128</u>	<u>\$ 229,092</u>

**EAST RICHLAND WATERWORKS DISTRICT  
Delhi, Louisiana**

**NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE TWO YEARS ENDED  
DECEMBER 31, 1997 AND 1998**

**NOTE 4 - PENSION PLAN**

The District's three part-time employees are members of the Social Security System. In addition to employer contributions withheld at 7.65 per cent of gross salary, the District contributes an equal amount to the Social Security System. The District does not guarantee the benefits granted by the Social Security System.

**NOTE 5 - LONG-TERM DEBT**

The following is a summary of long-term debt transactions for the years ended December 31, 1997 and 1998:

	<u>Water Revenue Bond</u>
Bonds payable at December 31, 1996	\$ 113,992
Additions	-
Principal reductions	( 3,194)
Bonds payable at December 31, 1997	110,798
Additions	-
Principal reductions	( 3,354)
Bonds payable at December 31, 1998	\$ <u>107,444</u>

The bonds bear interest at a rate of 5%. The water revenue bond is secured by a pledge of the water revenues of the system.

The bonds are scheduled to mature as follows:

1999	\$ 3,521
2000	3,697
2001	3,882
2002	4,076
2003	4,280
Years thereafter	<u>87,988</u>
	<u>\$107,444</u>

**NOTE 6 - LITIGATION AND CLAIMS**

The District was not involved in any litigation at December 31, 1997 and 1998, nor is it aware of any unasserted claims.

**EAST RICHLAND WATERWORKS DISTRICT**  
**Delhi, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE TWO YEARS ENDED**  
**DECEMBER 31, 1997 AND 1998**

**NOTE 7 - FEDERAL PROGRAMS AND RESTRICTED CASH**

During the year ended December 31, 1977, the District received two loans from Farmers Home Administration (CFDA 10.418) in the combined amount of \$260,000. During the year ended December 31, 1993 one of the loans was repaid in its entirety. The remaining loan is included in long-term debt on the accompanying balance sheet. The loan agreement requires the establishment of the following accounts by the District to meet the reserve requirements of all loans:

- A. A "Revenue Bond Reserve Fund." The District must transfer into this fund, each month an amount equal to 5% of the annual debt service requirement until a sum equal to the highest annual debt service in any one year is on deposit in the fund. The deposits in the fund are to be used solely for the payment of principal and interest in the event sufficient deposits are not available in the District's funds.
- B. A "Depreciation for Contingency Fund." The District must transfer \$30 into this fund each month. The deposits in this fund may be used by the District for unusual or extraordinary maintenance, repairs, replacements and extensions and for the costs of improvements to the system which will either enhance its revenue-producing capacity or provide a higher degree of service. The deposits may also be used to pay principal and interest when insufficient amounts are available in either of the above funds.

The following is a summary of transactions in the reserve accounts for the years ended December 31, 1997 and 1998:

	<u>Bond Reserve</u>	<u>Depreciation Contingency</u>
Balance at January 1, 1997	\$12,820	\$13,263
Additions:		
Deposits	912	1,032
Interest earnings	<u>281</u>	<u>292</u>
Balance at December 31, 1997	14,013	14,587
Additions:		
Deposits	456	516
Interest earnings	<u>298</u>	<u>310</u>
Balance at December 31, 1998	<u>\$14,767</u>	<u>\$15,413</u>

**EAST RICHLAND WATERWORKS DISTRICT  
Delhi, Louisiana**

**NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE TWO YEARS ENDED  
DECEMBER 31, 1997 AND 1998**

**NOTE 8 - YEAR 2000 ISSUE**

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the district's operations with date-related transactions on its systems.

*Financial reporting, water billing systems.* The District has a financial reporting and water billing system. Management is currently in the assessment phase of the project. Management has identified all systems, but a decision on conversion or replacement of equipment has not been made. The outside software vendor has been contacted to convert the existing software to provide year 2000 readiness. This work has yet to be completed by the vendor. An estimate of the cost of converting the system has not been completed and no amounts have been spent to date.

*Water distribution system.* The District purchases its water from the Town of Delhi. The Town of Delhi is solely responsible for remediating the water distribution system and for any costs associated with this project.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the District is or will be ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be year 2000 ready.

**EAST RICHLAND WATERWORKS DISTRICT  
Delhi, Louisiana**

**COMPONENT UNIT FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT  
AS OF AND FOR THE TWO YEARS ENDED  
DECEMBER 31, 1997 AND 1998**

**SUPPLEMENTAL INFORMATION SCHEDULES**



**EAST RICHLAND WATERWORKS DISTRICT  
Delhi, Louisiana**

**SCHEDULE 1**

**COMPONENT UNIT FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT  
AS OF AND FOR THE TWO YEARS ENDED  
DECEMBER 31, 1997 AND 1998**

**SCHEDULE OF WATER RATES**

<u>Classification</u>	<u>Tariff</u>	<u>Rate</u>
Residential	Monthly minimum for 2,000 gallons	\$ 8.00
	2,000 - 5,000 gallons	8.00 + 2.15/1,000
	5,000 - 10,000 gallons	8.00 + 2.05/1,000
	10,000 gallons and up	8.00 + 1.85/1,000
Commercial	0 - 15,000 gallons	\$33.50
	15,000 gallons and up	33.50 + 1.85/1,000
Bayou Macon Contract	Per 1,000 gallons	\$ 1.30

**EAST RICHLAND WATERWORKS DISTRICT  
Delhi, Louisiana**

**SCHEDULE 3**

**COMPONENT UNIT FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT  
AS OF AND FOR THE TWO YEARS ENDED  
DECEMBER 31, 1997 AND 1998**

**SCHEDULE OF INSURANCE COVERAGE**

<u>Type of Coverage</u>	<u>Name of Insurer</u>	<u>Policy Number</u>	<u>Amount of Coverage</u>	<u>Expiration Date</u>
Liability	Northland Insurance Co.	CP327900	\$300,000	February 10, 1999
Fire	Northland Insurance Co.	CP327900	\$ 50,000	February 10, 1999
Medical Payments	Northland Insurance Co.	CP327900	\$ 5,000	February 10, 1999
Fidelity Bond	Western Surety	161052203	\$ 90,000	September 19, 1999

**EAST RICHLAND WATERWORKS DISTRICT  
Delhi, Louisiana**

**COMPONENT UNIT FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT  
AS OF AND FOR THE TWO YEARS ENDED  
DECEMBER 31, 1997 AND 1998**

**SUPPLEMENTAL INFORMATION SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 1998**

**COMPENSATION PAID BOARD MEMBERS**

The schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

	<u>1998</u>	<u>1997</u>
Donald Green	\$200	\$ 200
Claude E. Hosea	200	200
Richard King	200	200
Clarence McCall	200	200
Jim Nichols	<u>200</u>	<u>200</u>
	<u>\$1,000</u>	<u>\$ 1,000</u>

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**Bonnie T. Robinette, CPA**

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF COMPONENT UNIT FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

BOARD OF COMMISSIONERS  
EAST RICHLAND WATERWORKS DISTRICT  
RICHLAND PARISH, LOUISIANA

I have audited the component unit financial statements of the East Richland Waterworks District of the Parish of Richland, State of Louisiana, a component unit of Richland Parish Police Jury, for the two years ended December 31, 1998, and have issued my report thereon dated May 27, 1999 which was qualified because insufficient audit evidence exists to support the District's disclosures with respect to the Year 2000 issue. Except as discussed in the preceding sentence, I conducted my audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and U. S. Department of Agriculture Farmer's Home Administration Audit Program.

Compliance

As part of obtaining reasonable assurance about whether East Richland Waterwork District's component unit financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my audit, I considered the District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the component unit financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. 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 my judgment, could adversely affect the district's ability to record, process, summarize and report financial data consistent with the assertions of management in the component unit financial statements. Reportable conditions are described in the accompanying schedule of reportable conditions.

Board of Commissioners  
East Richland Waterworks District  
Richland Parish, Louisiana

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 component unit 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. My 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, the reportable condition referred to above is considered to be a material weakness.

This report is intended solely for the information and use of management and others within the organization, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Bonnie T. Robinette, CPA

Monroe, Louisiana  
May 27, 1999

**EAST RICHLAND WATERWORKS DISTRICT  
RICHLAND PARISH, LOUISIANA**

**SCHEDULE OF PRIOR YEAR FINDINGS**

REPORTABLE CONDITIONS

**1. Inadequate Segregation of Duties**

Status: See Reportable Condition 98-1

INSTANCES OF NONCOMPLIANCE

**1. Annual Budget Submission**

Status: Finding resolved.

**2. Deposits to Depreciation Reserve Fund**

Status: Finding resolved.