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**GREATER WARD ONE WATERWORKS DISTRICT
OF LINCOLN PARISH
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1999**

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

Release Date APR 19 2000

WILLIAM D. EDWARDS, CPA

A PROFESSIONAL CORPORATION
105 EAST REYNOLDS DRIVE, SUITE A • RUSTON, LOUISIANA 71270

GREATER WARD ONE WATER DISTRICT
 OF LINCOLN PARISH
 FINANCIAL STATEMENTS
 For the Year Ended December 31, 1999

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GREATER WARD ONE WATER DISTRICT
OF LINCOLN PARISH
FINANCIAL STATEMENTS
For The Year Ended December 31, 1999

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WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of LCPA'S

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Greater Ward One Waterworks District
of Lincoln Parish

I have audited the accompanying financial statements of the Greater Ward One Waterworks District of Lincoln Parish, as of and for the year ended December 31, 1999, as listed in the table of contents. These financial statements are the responsibility of the Waterworks' management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and generally accepted governmental auditing standards contained in the Government Auditing Standards - Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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.

My audit was conducted for the purpose of forming an opinion on the financial statements of Greater Ward One Waterworks District of Lincoln Parish, taken as whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as whole.

In my opinion, the financial statements referred to above present fairly, in material respects, the financial position of the Greater Ward One Waterworks District of Lincoln Parish, as of December 31, 1999, and the results of its operations and the changes in financial position of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

Ruston, Louisiana
March 9, 2000

GREATER WARD ONE WATERWORKS DISTRICT
OF LINCOLN PARISH
COMBINED BALANCE SHEET - PROPRIETARY FUND TYPE
As of December 31, 1999

	December 31, 1999	December 31, 1998
CURRENT ASSETS		
Cash	\$220,648	\$274,467
Receivables	23,366	20,519
Accrued Receivables	10,374	12,349
Prepaid expenses	<u>4,434</u>	<u>3,481</u>
TOTAL CURRENT ASSETS	258,822	310,816
RESTRICTED ASSETS		
Bond Reserve Accounts	81,844	81,844
Customer Deposit Account	46,183	42,117
Depreciation Reserve Account	147,072	124,980
Construction Checking Account	<u>2,792</u>	<u>7,610</u>
TOTAL RESTRICTED ASSETS	277,891	256,551
Property, Plant, & Equipment	<u>1,228,150</u>	<u>1,216,808</u>
TOTAL ASSETS	<u><u>\$1,764,863</u></u>	<u><u>\$1,784,175</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	6,086	4,577
Payroll taxes payable	2,081	1,454
Sales taxes payable	<u>634</u>	<u>580</u>
TOTAL CURRENT LIABILITIES	8,801	6,611
Current Liabilities - from Restricted Assets:		
Customer Deposits	46,183	38,665
Accrued interest payable	46,313	49,115
Current portion of Long-Term Debt	<u>29,000</u>	<u>29,185</u>
Total liabilities - payable from Restricted Assets	121,496	116,965
Long-Term Liabilities Revenue Bonds Payable	<u>1,029,707</u>	<u>1,047,114</u>
TOTAL LIABILITIES	1,160,004	1,170,690
FUND EQUITY		
Contributed Capital	196,000	196,000
Retained earnings:		
Reserved for Debt Retirement	203,309	203,309
Unreserved	<u>205,550</u>	<u>214,176</u>
Total Retained Earnings	<u>408,859</u>	<u>417,485</u>
TOTAL FUND EQUITY	<u>604,859</u>	<u>613,485</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$1,764,863</u></u>	<u><u>\$1,784,175</u></u>

See accompanying auditor's report and notes to the financial statements.

GREATER WARD ONE WATERWORKS DISTRICT
OF LINCOLN PARISH
COMBINED STATEMENT OF REVENUES, EXPENSES, & CHANGES IN
RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	December 31, 1999	December 31, 1998
OPERATING REVENUES		
Charge for services - Water revenue	\$322,065	\$334,715
Miscellaneous revenues:		
Meter taps	18,772	22,765
Miscellaneous	3,877	7,040
Total miscellaneous revenues	<u>22,649</u>	<u>29,805</u>
TOTAL OPERATING REVENUES	344,714	364,520
 OPERATING EXPENSES		
Accounting	2,750	2,700
Advertising	111	
Audit	1,475	1,425
Auto allowance	5,075	7,550
Bank service charges	258	80
Commissioner's Fee	1,800	1,860
Chemicals	3,750	1,619
Cutoff Fee	750	2,479
Depreciation	59,044	47,560
Dues and subscriptions	200	160
Employees	414	142
Engineering	2,163	2,785
Insurance	8,924	7,190
Insurance-Group	6,716	4,837
Insurance-Workers' Compensation	5,019	4,122
Legal		33
Meter Readings	3,240	3,675
Meter Taps	9,789	9,500
Miscellaneous	99	46
Mowing and Bush Hogging		535
Office expense	787	1,593
Permits	470	
Postage	2,590	2,080
Repairs and maintenance-Auto	663	
Repairs and maintenance-Lines	4,253	4,320
Repairs and maintenance-Building & Grounds	3,972	3,687
Repairs and maintenance-Wells	38,023	12,991
Salaries	61,978	48,750
Supplies	20,498	14,273

(Continued)

GREATER WARD ONE WATERWORKS DISTRICT
OF LINCOLN PARISH
COMBINED STATEMENT OF REVENUES, EXPENSES, & CHANGES IN
RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>December 31, 1999</u>	<u>December 31, 1998</u>
Taxes-payroll	5,753	4,473
Taxes-sales tax	9,030	8,565
Travel and meals	49	
Utilities and telephone	51,747	47,097
TOTAL OPERATING EXPENSES	<u>311,390</u>	<u>246,127</u>
OPERATING INCOME	<u>33,324</u>	<u>118,393</u>
NONOPERATING REVENUE (EXPENSES)		
Interest Income	18,379	13,313
Interest Expense	(60,329)	(67,194)
Loss on Abandonment of Wells		(9,142)
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>(41,950)</u>	<u>(63,023)</u>
NET INCOME (LOSS)	(8,626)	55,370
RETAINED EARNINGS, BEGINNING	<u>417,485</u>	<u>362,115</u>
RETAINED EARNINGS, ENDING	<u>\$408,859</u>	<u>\$417,485</u>

See accompanying auditor's report and notes to the financial statements.

GREATER WARD ONE WATERWORKS DISTRICT
 Combined Statement of Revenue, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 GAAP Basis - General Fund
 For the year ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Water revenue	\$329,078	\$322,065	(\$7,013)
Meter Taps	25,000	18,772	(6,228)
Miscellaneous	1,500	3,877	2,377
TOTAL OPERATING REVENUES	<u>355,578</u>	<u>344,714</u>	<u>(10,864)</u>
EXPENSES			
Accounting	2,700	2,750	(50)
Advertising		111	(111)
Audit	1,500	1,475	25
Auto Allowance	8,700	5,075	3,625
Bank service charges		258	(258)
Commissioner's Fees	1,800	1,800	0
Chemicals	3,000	3,750	(750)
Cutoff fee	2,700	750	1,950
Depreciation	42,000	59,044	(17,044)
Dues & Subscriptions	200	200	0
Employee Training	300	414	(114)
Engineering	1,000	2,163	(1,163)
Insurance	6,800	8,924	(2,124)
Insurance - Group	3,000	6,716	(3,716)
Insurance - Workman's Comp	4,350	5,019	(669)
Meter Readings	5,400	3,240	2,160
Meter Taps	25,000	9,789	15,211
Miscellaneous	1,500	99	1,401
Office Expense	10,001	787	9,214
Permit	0	470	(470)
Postage	2,500	2,590	(90)
R & M - Auto		663	(663)
R & M - Lines	18,000	4,253	13,747
R & M - Bldg & Grounds	1,000	3,972	(2,972)
R & M - Wells	35,000	38,023	(3,023)
Salaries	53,704	61,978	(8,274)
Supplies	15,000	20,498	(5,498)
Taxes - Payroll	5,000	5,753	(753)
Taxes - Sales Tax	8,500	9,030	(530)
Testing Fees	100	0	100

(Continued)

GREATER WARD ONE WATERWORKS DISTRICT
 Combined Statement of Revenue, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 GAAP Basis - General Fund
 For the year ended December 31, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
Travel	600	49	551
Utilities & Telephone	51,000	51,747	(747)
TOTAL EXPENSES	310,355	311,390	(1,035)
OPERATING INCOME	45,223	33,324	(11,899)
NONOPERATING REVENUE (EXPENSES)			
Interest income	12,000	18,379	6,379
Interest expense	(60,000)	(60,329)	(329)
TOTAL NONOPERATING REVENUE (EXPENSES)	(48,000)	(41,950)	6,050
NET INCOME (LOSS)	(2,777)	(8,626)	(5,849)
Fund Balance, beginning	417,485	417,485	0
Fund Balance, ending	\$414,708	\$408,859	(\$5,849)

**

See accompanying auditor's report and notes to the financial statements.

GREATER WARD ONE WATERWORKS DISTRICT
OF LINCOLN PARISH
STATEMENTS OF CASH FLOWS - UNRESTRICTED
Years Ended December 31, 1999

	December 31, 1999	December 31, 1998
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Income	\$33,324	\$118,393
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	59,044	47,560
Changes in Working Capital:		
Accounts Receivable - Trade	(2,847)	(12,008)
Accrued Accounts Receivable	1,975	(2,970)
Prepaid Expense	(953)	316
Accounts payable	1,509	(284)
Payroll taxes payable	627	(352)
Sales taxes payable	54	(80)
NET CASH (USED BY) OPERATING ACTIVITIES	92,733	150,575
CASH FLOWS FROM FINANCING ACTIVITIES		
Additions to Property, Plant, & Equipment	(70,386)	(20,144)
Loss on abandonment of wells		(9,142)
Principal Paid on Notes	(17,592)	(2,864)
Interest Paid on Notes	(60,329)	(67,194)
Proceeds from New Notes		24,014
Decrease (increase) in current portion of long-term debt	185	(11,185)
NET CASH (USED BY) FINANCING ACTIVITIES	(148,122)	(86,515)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase in restricted assets	(21,340)	(16,842)
Net increase (decrease) in current liabilities payable from restricted assets	4,531	57,559
Interest on interest-bearing activities	18,379	13,313
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,570	54,030
NET INCREASE IN CASH	(53,819)	118,090
CASH AT BEGINNING OF YEAR	274,467	156,377
CASH AT END OF YEAR	\$220,648	\$274,467
SUMMARY		
Operating account	\$220,648	\$274,467
Restricted	277,891	256,551
	\$498,539	\$531,018
Expenditures for interest - cash basis	\$63,131	\$19,971
Expenditures for taxes - cash basis	\$16,003	\$8,646

See accompanying auditor's report and notes to the financial statements.

GREATER WARD ONE WATERWORKS DISTRICT
OF LINCOLN PARISH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

The accounting and reporting policies of the Greater Ward One Waterworks District of Lincoln Parish conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The following notes to the financial statements are an integral part of the Waterworks' Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Greater Ward One Waterworks District of Lincoln Parish was organized in 1967 as a political subdivision of Lincoln Parish to provide water usage and service to the residents of Greater Ward One of Lincoln Parish.

This report includes all funds and account groups which are controlled by or dependent on the Board of Commissioners. Control by or dependence on the Board of Commissioners is determined on the basis of a budget adoption, authority to issue or secure debt financing, election or appointment of the Board of Commissioners, and other general oversight responsibilities.

B. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Greater Ward One Waterworks District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures/expenses. The individual fund accounts for the governmental resources allocated to time for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

The funds presented in the financial statements are described as follows:

Proprietary Fund Types - Enterprise Fund

This fund accounts for operations that are organized to be self-supporting through user charges. This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on continuing basis be financed or recovered primarily through user charges.

GREATER WARD ONE WATERWORKS DISTRICT
OF LINCOLN PARISH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

C. BASIS OF ACCOUNTING

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Interests on revenue bonds, proceeds of which are used in financing the construction of certain assets, is capitalized during the construction period net of interest on the investment of unexpended bond proceeds.

D. BUDGETARY DATA

The Waterworks District adopts an operating budget for the enterprise fund on the cash basis which is not the same basis of accounting as that used to account for the actual results of operations on the accrual basis. The following items indicate the primary differences between the budgetary basis and the GAAP basis used to account for the results of operations for the operating accounts:

1. Interest Income - earned on restricted assets is included in the results of operations. Such amounts are not budgeted in the operating accounts.
2. Interest Expense - on long-term debt is included in the results of operations. Such amounts are not budgeted in the operating accounts.
3. Depreciation Expense - is not budgeted, however, expenditures for capital outlays are budgeted. These outlays have been capitalized into fixed assets and eliminated from the results of operations on a GAAP basis.

E. ASSETS, LIABILITIES AND FUND EQUITY

1. Receivables
All receivables are reported at their gross value. The District uses the direct charge off method for uncollectible accounts rather than an allowance for such losses.
2. Restricted Assets
Enterprise Funds, based on certain bond covenants, are required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt.
3. Property, Plant & Equipment
Property, plant and equipment acquired for proprietary funds are capitalized. Property, plant and equipment are stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

GREATER WARD ONE WATERWORKS DISTRICT
OF LINCOLN PARISH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

Depreciation of exhaustible fixed assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the proprietary fund balance sheet. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated useful lives are as follows:

Equipment and Wells	- 40 Years
Improvements	- 15 Years
Building	- 25 Years
Equipment	- 5-7 Years

4. Long-Term Debt

Long-term liabilities for revenue bonds are reported in the appropriate Enterprise Fund.

5. Fund Equity

Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distribution. Reserved retained earnings for proprietary funds represent the net assets that have been legally identified for specific purposes.

F. REVENUES AND EXPENSES

Revenues and expenses of proprietary funds are recognized in essentially the same manner as in commercial accounting. Some prior year balances may have been reclassified to conform with the current year presentation.

G. COMPARATIVE DATA

Comparative 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.

H. ACCUMULATED UNPAID VACATION, SICK PAY
AND OTHER EMPLOYEE BENEFITS

Accumulated vacation, sick pay and other employee benefits are not material and are therefore not accrued.

I. RETIREMENT AND PENSION BENEFITS

No employer provided retirement or pension benefits are provided.

GREATER WARD ONE WATERWORKS DISTRICT
OF LINCOLN PARISH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

J. TOTAL COLUMNS

The Combined Financial Statements include a total column that is described as memorandum only. Data in these columns do present financial position, results of operations, and changes in financial position in conformity with generally accepted accounting principles as there are not Interfund transactions to be eliminated.

2. STEWARDSHIP, COMPLIANCE & ACCOUNTABILITY

A. COMPLIANCE WITH BOND COVENANTS

There are a number of limitations and restrictions contained in the various bond indentures. The District is in compliance with all significant limitations and restrictions.

B. DEPOSITS WITH FINANCIAL INSTITUTIONS

State statutes require that the District's deposits be collateralized by securities. At December 31, 1999, deposits were collateralized at Bank One.

3. CASH AND INVESTMENTS

The District is authorized to make direct investments in United States government bonds, treasury notes, treasury bills or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the state of Louisiana or any other federally insured investment, or in guaranteed investment contracts issued by a financial institution having one of the two highest rating categories or in mutual or trust fund institutions which are registered with the SEC and which have underlying investments consisting solely of and limited to securities of government or its agencies.

Investments made by the District are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the category described below:

Category 1 - Insured or registered, or securities held by the District or its agent in the district's name.

<u>Description</u>	<u>Category-1</u>	<u>Carrying Value</u>	<u>Market Value</u>
	"		
Cash in Bank and Certificates of Deposit	<u>\$499,655</u>	<u>\$499,655</u>	<u>\$499,655</u>

The certificates of deposit are classified as cash on the balance sheet due to their cash equivalence.

GREATER WARD ONE WATERWORKS DISTRICT
OF LINCOLN PARISH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

4. PROPERTY, PLANT AND EQUIPMENT

A summary of property, plant and equipment of proprietary funds is presented below:

	Balance January 1, 1999	Additions	Deletions	Balance December 31, 1999
Land	\$42,640			\$42,640
Tanks and wells	1,649,211			1,649,211
Machinery & equipment	14,358	55,949		70,307
Buildings	59,827			59,827
Automobiles		14,437		14,437
Subtotal	1,766,036	70,386	0	1,836,422
Less accumulated depreciation	(549,228)	(59,044)		(608,272)
Total	<u>\$1,216,808</u>	<u>\$11,342</u>	<u>\$0</u>	<u>\$1,228,150</u>

5. LONG-TERM DEBT

The following is a summary of the District's long-term debt transactions for the year ended December 31, 1999:

	Water Revenue Bond
Debt Outstanding at January 1, 1999	\$1,076,298
Revenue Bond Proceeds	0
Repayments	<u>(17,592)</u>
Debt Outstanding at December 31, 1999	<u>\$1,058,706</u>

Revenue bonds payable at December 31, 1999, are comprised of the following individual issues:

	Outstanding 12/31/99
Water Revenue Bonds \$175,200 1979 Water Revenue Bonds dated 3-22-79, due in annual installments of \$2,200 to \$5,000 through January 1, 2008, interest at 5%.	\$125,000

GREATER WARD ONE WATERWORKS DISTRICT
OF LINCOLN PARISH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Outstanding 12/31/99</u>
\$131,000 1982 Water Revenue Bonds dated 4-7-82, due in annual installments of \$3,000 to \$9,000 through January 1, 2007, interest at 5%.	63,000
\$648,000 1989 Water Revenue Bonds dated 7-28-89, due in annual installments of \$43,351 through January 1, 2029, interest at 6%	595,857
\$280,000 1997 Water Revenue Bonds dated 4-1-97, due in annual installments of \$6,554 to \$1,456 through March 20, 2037, interest at 5.5%	<u>274,849</u>
Total	<u><u>\$1,058,706</u></u>

The annual requirements to amortize all bonded debt outstanding as of December 31, 1999 including interest payments of \$1,134,616 are as follows:

2000	\$87,696
2001	87,650
2002	87,688
2003	87,421
2004	87,367
Thereafter	<u>1,843,196</u>
Total	<u><u>\$2,193,322</u></u>

All outstanding revenue bonds are secured by a first lien on net revenues earned by Enterprise Funds. *Net revenues are defined in the revenue bond agreement.*

6. FLOW OF FUNDS: RESTRICTIONS ON USE - UTILITIES REVENUES

Water Revenue Bonds Under the terms of the bond indenture on outstanding Water Revenue Bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation 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:

All of the revenue earned by the District from the operation of the waterworks system (the "System"), must be deposited Monies in the Waterworks Revenue Fund. Monies in the Waterworks Revenue Fund shall be first used for the payment of all reasonable and necessary expenses of operating and maintaining the System, and all payments required in connection with the outstanding Revenue Note payable from the revenues of the System.

GREATER WARD ONE WATERWORKS DISTRICT
OF LINCOLN PARISH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

Each month, there will be set aside into a "Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments.

There shall also be set aside into a "Reserve Fund" an amount equal to 5% of the amount to be paid into the "Sinking Fund", until there is on deposit an amount equal to \$63,801. This amount represents the maximum principal and interest requirements in any one maturity year.

Funds will also be set aside into a "Depreciation Fund" at the rate of \$368 per month.

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

7. FUND EQUITY

Reserve of Retained Earnings

Reservations of retained earnings of Enterprise Funds are created by increases in assets restricted for debt service. These increases result from earnings on restricted assets and other interfund transfers to restricted accounts. Earnings on restricted assets are included in net income of the Enterprise Funds. When reserved retained earnings are increased there is an equal reduction to the portion of retained earnings that is unreserved.

Reserve for debt service was created in conjunction with the issuance of revenue bonds and is funded by initial deposits from the proceeds of such bonds and by transfers from the revenue accounts based deposits on assets held by the Enterprise Funds that are restricted for debt service. The purpose of the reserved retained earnings is to service the revenue bonds.

8. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Litigation

There are no pending or threatened litigation at this time as advised by the District's attorney.

9. OTHER RELEVANT INFORMATION

The commissioners are appointed by the Lincoln Parish Police Jury. Police Jury, based upon recommendations by the water district. The water district is a chartered political subdivision of the State of Louisiana which operates independent of the Lincoln Parish Police Jury aside from the selection of commissioners.

GREATER WARD ONE WATERWORKS DISTRICT
OF LINCOLN PARISH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

1999 Board of Commissioners and per diem payments received are as follows:

Butler Hampton - President	Expires	January 23, 2001	\$360
F. J. Armond - V. Pres.	Expires	September 23, 2002	\$360
Reagan Pylant	Expires	August 22, 2000	\$360
Herbert Farmer	Expires	January 12, 2004	\$360
Mike Haddox	Expires	September 24, 2001	<u>\$360</u>
Total			<u>\$1,800</u>

GREATER WARD ONE WATERWORKS DISTRICT
OF LINCOLN PARISH
SCHEDULE OF CHANGES IN ASSETS RESTRICTED
REVENUE BOND DEBT SERVICE
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>RESERVE FUNDS</u>	<u>CUSTOMER DEPOSIT</u>	<u>DEPRECIATION RESERVE</u>	<u>BOND AND INTEREST REDEMPTION</u>	<u>TOTAL</u>
Balance, 1/1/99	\$81,844	\$42,117	\$124,980	\$7,610	\$256,551
RECEIPTS					
Deposits		9,531			9,531
Transfer from operating			6,000	58,710	64,710
Interest earned		664	16,092	223	16,979
Total cash receipts	<u>0</u>	<u>10,195</u>	<u>22,092</u>	<u>58,933</u>	<u>91,220</u>
Total available	81,844	52,312	147,072	66,543	347,771
DISBURSEMENTS					
Refunds		(6,129)			(6,129)
Transfers to Reserve				(63,751)	(63,751)
Payment of principal and interest					0
Total disbursements	<u>0</u>	<u>(6,129)</u>	<u>0</u>	<u>(63,751)</u>	<u>(69,880)</u>
Balance, 12/31/99	<u>\$81,844</u>	<u>\$46,183</u>	<u>\$147,072</u>	<u>\$2,792</u>	<u>\$277,891</u>

GREATER WARD ONE WATERWORKS DISTRICT
OF LINCOLN PARISH
SCHEDULE OF INSURANCE IN FORCE
DECEMBER 31, 1999

Business Auto

Agent : Louisiana Insurance Services, Inc.	Effective Date : 8-6-99
Insurer : Commercial Union	Date Expires : 8-6-00
Policy No. : CE7125841	Annual Premium : \$ 60
Coverage	Property Insured
\$ 4,000	Right-of-ways

General and Commercial Liability Coverage

Agent : Louisiana Insurance Services, Inc.	Effective Date : 9-28-99
Insurer : Commercial Union	Date Expires : 9-28-00
Policy No. : AEK490598	Annual Premium : \$5,542
Coverage	Property Insured
\$2,000,000	General Liability
\$1,000,000 Limit	Boiler & Machinery, Mechanical Breakdown
\$ 927,500	Plant and Equipment Damage
\$ 100,000	Employee Dishonesty
\$ 50,000	Employee Dishonesty, Hartford Supplement

Public Officials Liability Policy

Agent : Go Pro Underwriting	Effective Date : 9-28-99
Insurer : National Casualty Co.	Date Expires : 9-28-00
Policy No. : PO-584189	Annual Premium : \$ 1,000
Coverage	Insured
\$1,000,000	Board Errors & Omissions

ff

WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of LCPA'S

AUDITOR'S REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

Board of Commissioners
Greater Ward One Waterworks District
of Lincoln Parish

I have audited the financial statements of Greater Ward One Waterworks District of Lincoln Parish, for the year ended December 31, 1999, and have issued my report thereon dated March 9, 2000. My audit of such financial statements was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office, and accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Ruston, Louisiana
March 9, 2000

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GREATER WARD ONE WATERWORKS DISTRICT
 OF LINCOLN PARISH
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED DECEMBER 31, 1999

GRANTOR/PROGRAM TITLE -----	Loan Number -----	Loan Balance 12-31-99 -----
OTHER FEDERAL ASSISTANCE		
DEPARTMENT OF AGRICULTURE		
GUARANTEED LOANS		
Farmers Home Administration	91.03	\$125,000
Farmers Home Administration	91.05	63,000
Farmers Home Administration	91.06	595,857
Farmers Home Administration	91.07	274,850

Total Federal Assistance		\$1,058,707 =====

GREATER WARD ONE WATERWORKS DISTRICT
OF LINCOLN PARISH
NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
DECEMBER 31, 1999

1. SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133

All Federal assistance of the Greater Ward One Waterworks are included in the scope of the OMB Circular A-133 audit (the "single audit").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal financial assistance has been prepared on the accrual basis of accounting.

3. LOAN BALANCES

The loan balance represents the outstanding amount of federal guaranteed loans as of December 31, 1999.

4. FINDINGS OF NONCOMPLIANCE

There was one Noncompliance finding and no Internal Control Findings.

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WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of LCPA'S

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

To the Board of Commissioners
Greater Ward One Waterworks District
of Lincoln Parish

I have audited the general purpose financial statements of Greater Ward One Waterworks District of Lincoln Parish as of and for the year ended December 31, 1999, and have issued my report thereon dated March 9, 2000. 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.

Compliance

As part of obtaining reasonable assurance about whether Greater Ward One Waterworks District of Lincoln Parish's general purpose 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.

Internal Control Over Compliance

In planning and performing my audit, I considered Greater Ward One Waterworks District of Lincoln Parish's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ruston, Louisiana
March 9, 2000

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GREATER WARD ONE WATERWORKS DISTRICT
OF LINCOLN PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 1999

I have audited the financial statements of Greater Ward One Waterworks District of Lincoln Parish as of and for the year ended December 31, 1999, and have issued my report thereon dated (DATE). 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. My audit of the financial statements as of December 31, 1999 resulted in an unqualified opinion.

A. Summary of Audit Results

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ___ Yes X No Reportable ___ Yes X No

Compliance

Compliance Material to Financial Statements ___ Yes X No

2. Federal Awards

Internal Control

Material Weaknesses ___ Yes X No Reportable ___ Yes X No

Type of Opinion On Compliance Unqualified X Qualified ___
For Major Programs Disclaimer ___ Adverse ___

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?
___ Yes X No

3. Identification of Major Programs:

CFDA Number(s)	Name of Federal Program (or Cluster)
N/A	tt

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 300,000

Is the audited a "low-risk" audited, as defined by OMB Circular A-133? Yes No

B. Financial Statements Findings

None

C. Federal Award Findings and Questioned Costs

None

GREATER WARD ONE WATERWORKS DISTRICT
OF LINCOLN PARISH
SUMMARY OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 1999

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

98-1. During the year ended December 31, 1998, the district paid a total of \$13,820 to TEF Dirtworks which is owned by Tom Frazier, an employee of the district.

Recommendation: I recommend that the district and its employees comply with Louisiana law.

Conclusion: Resolved - The district bought its own equipment and will make its own repairs and not contract labor through local contractors.

B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

C. MANAGEMENT LETTER

None

CORRECTIVE ACTION PLAN
For the Year Ended December 31, 1999

Greater Ward One Waterworks District of Lincoln Parish has no findings for the year ending December 31, 1999.

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