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NATCHITOCHEES PARISH WATERWORKS
DISTRICT NO. 1

ANNUAL FINANCIAL REPORT
DECEMBER 31, 1997

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 June 24, 1998

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Johnson, Thomas & Cunningham

Chartered Accountants

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To the Board of Commissioners of the
Natchitoches Parish Waterworks District No. 1

We have compiled the accompanying general purpose financial statements of the Natchitoches Parish Waterworks District No. 1, a component unit of the City of Natchitoches, Louisiana, as of December 31, 1997 and for the year then ended, in accordance with Statements on Standards for Accounting and Review Services established by the American Institute of Certified Public Accountants. The financial statements have been prepared on the modified accrual basis of accounting, which is the generally accepted accounting method established by the Governmental Accounting Standards Board for governmental units.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of the District's management. We have not audited or reviewed the accompanying financial statements, and accordingly, do not express an opinion or any other form of assurance on them.

Johnson, Thomas & Cunningham
Johnson, Thomas & Cunningham, CPAs

June 16, 1998
Natchitoches, Louisiana

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Legislative Auditor

Dr. S. M. ...

**GENERAL PURPOSE FINANCIAL STATEMENTS
COMBINED STATEMENTS - OVERVIEW**

Natchitoches Parish Waterworks District No. 1
Combined Balance Sheet
Fund Type and Account Group
December 31, 1993

	General Fund	General Fixed Assets	Totals	
			(Microcomputer Only)	1993
Assets				
Cash	\$ 478,242	\$ 0	\$ 478,242	\$ 478,242
Cash Equivalents	798,814	0	798,814	798,814
Equipment	0	14,024	14,024	14,024
Total Assets	\$1,277,056	\$14,024	\$1,291,080	\$1,291,080
Liabilities & Fund Equity				
Liabilities-				
Accounts Payable	\$ 279,526	\$ 0	\$ 279,526	\$ 279,526
Fund Equity-				
Investment in General Fixed Assets	0	14,024	14,024	14,024
Fund Balance-				
Unreserved-Undesignated	995,130	0	995,130	995,130
Total Liabilities and Fund Equity	\$1,277,056	\$14,024	\$1,291,080	\$1,291,080

See accountant's compilation report.

Natchitoches Parish Waterworks District No. 1
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (GAAP Basis) and Actual-Governmental Fund Type-General Fund
Year Ended December 31, 1997
With Comparative Amounts From Year Ended December 31, 1996

	1997		Variance Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
REVENUES:				
Charges for Services	\$ 4,000	\$ 3,200	\$ (797)	\$ 3,800
Miscellaneous- Interest Income	<u>45,000</u>	<u>46,549</u>	<u>1,549</u>	<u>47,588</u>
Total	\$ 49,000	\$ 51,749	\$ 2,749	\$ 51,388
EXPENDITURES:				
Current:				
Commissioner's Per Diem	\$ 4,000	\$ 4,170	\$ (170)	\$ 5,420
Secretary's Fee	1,000	1,200	(200)	1,680
Repairs & Maintenance	1,000	600	310	5,160
Audit	3,000	2,000	1,000	2,720
Deer & Other	2,000	1,800	190	3,174
Capital Expenditures	<u>2,500</u>	<u>2,583</u>	<u>(83)</u>	<u>10,832</u>
Total Expenditures	\$ 13,500	\$ 12,943	\$ 557	\$ 32,532
Excess (Deficiency) of Revenues Over Expenditures	\$ 35,500	\$ 38,806	\$ 3,306	\$ (21,144)
Fund Balance-Beginning of Year	225,632	225,632	—	226,176
Fund Balance-End of Year	<u>\$261,132</u>	<u>\$264,438</u>	<u>\$3,306</u>	<u>\$205,032</u>

See accountant's compilation report.

NOTES TO FINANCIAL STATEMENTS

Natchitoches Parish Waterworks District No. 1
Notes to Financial Statements
December 31, 1997

INTRODUCTION

The Natchitoches Parish Waterworks District No. 1 was incorporated on December 1, 1858, under the provisions of the Louisiana Act. The District operates under a Board of Commissioners form of government, and was created to manage the resources, including water level control and control structures within the jurisdiction of the District. The primary water source of the District is Sibley Lake in Natchitoches Parish.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The financial statements of the Natchitoches Parish Waterworks District No. 1 have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the governing authority of the Waterworks District No. 1, for reporting purposes, the City of Natchitoches, Louisiana is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (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 Statement No. 14 established criteria for determining which component units should be considered part of the City of Natchitoches, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. 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 city 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 city.

Natchitoches Parish Waterworks District No. 1
Notes to Financial Statements
December 31, 1997

2. Organizations for which the city does not appoint a voting majority, but are financially dependent on the city.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature of the significance of the relationship.

Since the District is financially dependent on the City of Natchitoches, the District has been determined to be a component unit of the City of Natchitoches. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the City of Natchitoches, the general government services provided by that governmental unit, or the other governmental units that comprise the reporting entity.

C. FUND ACCOUNTING

The District uses funds and account groups to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable financial resources. The District has only one type of fund described as follows:

GOVERNMENTAL FUNDS

Governmental funds are those which most of the governmental functions of the District are financed through. The acquisition, use and balances of the District's expendable resources and related liabilities are accounted for through the use of governmental funds. The following describes the District's governmental fund:

GENERAL FUND-The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

ACCOUNT GROUP

The account group is used to establish accounting control and accountability for the District's general fixed assets. The following is a description of the District's account group.

Natchitoches Parish Waterworks District No. 1
Notes to Financial Statements
December 31, 1997

General Fixed Assets Account Group-This account group is established to account for all general fixed assets of the District.

D. FIXED ASSETS

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus, and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in the governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in the governmental fund. These assets are recorded as expenditures in the governmental fund type when purchased. The District has elected not to capitalize certain improvements other than buildings, including the pipes, pumps, and other water system components. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost.

The account group is not a "fund". It is concerned only with the measurement of financial position and is not involved with measurement of results of operations.

E. BASIS OF ACCOUNTING

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

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available to pay current assets. Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred. Purchase of various operating supplies are regarded as expenditures at the time purchased.

F. BUDGETS AND BUDGETARY ACCOUNTING

The budget for the District is formulated by the Secretary and presented to the Board of Commissioners for their approval prior to the beginning of each year. Upon approval by the Commissioners, the budget is adopted by passage of an ordinance. All budgetary appropriations lapse at the end of each year. The budgetary information presented in this report was adopted on a basis consistent with generally accepted accounting principles.

Natchitoches Parish Waterworks District No. 1
Notes to Financial Statements
December 31, 1997

G. ENCUMBRANCES

The District does not employ the use of encumbrance accounting.

H. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents are held separately by each of the District's funds. At December 31, 1997, the District's cash and investments totaled \$1,274,656. Of the amounts held in commercial banks and savings and loan associations, \$208,000 was covered by Federal depositary insurance.

The District's cash and investments are categorized below to give an indication of the level of risk assumed by the District at December 31, 1997. Category 1 includes cash that is held by the District, cash and investments that are insured or registered, or investments held by the District or its brokers in the District's name. Category 2 would include uninsured and unregistered investments for which the securities are held by the broker's dealer's trust department or agent in the District's name. Category 3 would include uninsured and 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.

	1	CATEGORICAL 2	3	Carrying Value
Cash-				
Demand Deposits	\$ 267,046	\$0	\$0	\$ 267,046
Certificates of Deposit	208,196	0	0	208,196
Investments	799,414	0	0	799,414
Totals	<u>\$1,274,656</u>	\$0	\$0	<u>\$1,274,656</u>
Insured by-				
FDIC Insurance				\$ 208,000
Bank Securities				126,368
U.S. Government Securities				799,414
Totals				<u>\$1,133,782</u>
Cash & Investments Under Secured				<u>\$ _____</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 1, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Commission that the fiscal agent has failed to pay deposited funds upon demand.

Natchitoches Parish Waterworks District No. 1
Notes to Financial Statements
December 31, 1997

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. However, comparatives (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements, since their inclusion would make the statements unduly complex and difficult to read.

J. TOTAL COLUMNS ON COMBINED STATEMENTS-OVERVIEW

Total columns on the combined statements-overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

K. CHANGES IN GENERAL FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized in the general fixed assets account group. Public domain or infrastructure are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

A summary of changes in general fixed assets follows.

	Balance 1-1-97	Additions	Deletions	Balance 12-31-97
Equipment	\$14,024	80	80	\$14,024

L. RELATED PARTY TRANSACTIONS

The District did not have any related party transactions during 1997.

M. LITIGATION AND CLAIMS

The District was not involved in any litigation, claims or assessments as December 31, 1997.

N. SUBSEQUENT EVENTS

There were no material events subsequent to December 31, 1997, that should be included in this report.

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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Commissioners of the
Natchitoches Waterworks District No. 1

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of the Natchitoches Parish Waterworks District No. 1 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Natchitoches Parish Waterworks District No. 1's compliance with certain laws and regulations during the year ended December 31, 1997 included in the accompanying Louisiana *Division Descriptive*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purposes for which this report has been requested or for any other purpose.

PUBLIC BID LAW

1. Select all expenditures made during the year for materials and supplies exceeding \$5,000, or public works exceeding \$50,000, and determine whether such purchases were made in accordance with LSA-RS 18:2211-2221 (the public bid law).

There were no capital expenditures exceeding the above dollar amounts.

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1181-1124 (the code of ethics), and a list of outside business interest of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Not applicable.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedures (1) were also included on the listing obtained from management in agreed-upon procedures (2) as immediate family members.

Not applicable.

BUDGETING

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. There were no amendments to the budget during the year.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of the District.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the year did not exceed budgeted amounts by more than 5%.

ACCOUNTING AND REPORTING

8. Randomly select 4 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee:

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account:

Each disbursement appeared to be coded correctly.

- (c) determine whether payments received approval from proper authorities:

Inspection of supporting documentation showed written approval.

MEETINGS

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law)

The District is only required to post a notice of each meeting and the accompanying agenda on the door of the district's office building. Management has asserted that such documents were properly posted.

DEBT

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds or any other indebtedness which have not been approved by the State Bond Commission.

We inspected copies of all bank deposits for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds or other indebtedness which had not been approved by the State Bond Commission.

ADVANCES AND BONUSES

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

Not applicable.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Natchitoches Parish Waterworks District No. 1 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.


Johnson, Thomas & Cunningham, CPA's

June 16, 1998
Natchitoches, Louisiana