

To the Board of Commissioners  
Waterworks District No. 2  
Lincoln Parish, Louisiana

This condition was considered in determining the nature, timing, and extent of the procedures to be performed in my audit of the financial statements of Waterworks District No. 2, Lincoln Parish, Louisiana, for the year ended June 30, 1996.

This report is intended for the information of the Board of Commissioners, management, the Lincoln Parish Police Jury, and State and Federal audit agencies. However, this report is a matter of public record and its distribution is not limited.



R. E. Holladay  
R. E. Holladay, Jr., CPA

Nuston, Louisiana  
September 12, 1996

WATERWORKS DISTRICT NO. 3  
LINCOLN PARISH, LOUISIANA  
ENTERPRISE FUND  
WATERWORKS SYSTEM FUND  
COMPARATIVE BALANCE SHEETS  
JUNE 30, 1994 & 1995

	<u>June 30</u>	
	<u>1 9 9 4</u>	<u>1 9 9 5</u>
<b><u>LIABILITIES &amp; FUND EQUITY</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Accrued Meter Purchases	\$ 2,200	\$ 2,700
<b><u>PAYABLE FROM RESTRICTED ASSETS</u></b>		
Customer Meter Deposits	4,880	4,880
Total Liabilities	7,080	7,580
<b><u>FUND EQUITY</u></b>		
<b><u>CONTRIBUTED CAPITAL</u></b>		
Meter System Bond Proceeds	39,500	39,500
Subdivider	8,184	8,184
Total Contributed Capital	47,684	47,684
<b><u>RETAINED EARNINGS</u></b>		
Unreserved	93,321	91,798
Total Fund Equity	141,005	141,482
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b><u>\$ 152,085</u></b>	<b><u>\$ 148,062</u></b>

(Continued)

The accompanying notes are an integral part of this statement.

WATERWORKS DISTRICT NO. 3  
LINCOLN PARISH, LOUISIANA  
SUPPLEMENTARY INFORMATION  
COMBINED SCHEDULE OF INVESTMENTS - ALL FUNDS  
JUNE 30, 1994

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	<u>Interest</u> <u>Rate</u>	<u>Date</u> <u>Acquired</u>	<u>Maturity</u> <u>Date</u>	<u>Book</u> <u>Value</u>
<b>DEBT SERVICE FUND</b>				
<u>Central Bank</u>				
CD - Debt Service Fund	8.00%	8-20-94	8-20-97	<u>\$ 4,350</u>
<b>ENTERPRISE FUND</b>				
<u>Central Bank</u>				
CD-Meter System Revenue Fund	5.25%	10-02-95	10-02-98	97,500
CD-Customer Meter Deposits	4.75%	3-29-96	3-29-97	<u>8,300</u>
TOTAL ENTERPRISE FUND				<u>105,800</u>
GRAND TOTAL				<u>\$ 107,250</u>

WATERWORKS DISTRICT NO. 2  
LINCOLN PARISH, LOUISIANA  
INTERMEDIATE FUND  
WATERWORKS SYSTEM FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES  
& CHANGES IN RETAINED EARNINGS  
YEARS ENDED JUNE 30, 1996 & 1995

	<u>Year Ended June 30</u>	
	<u>1996</u>	<u>1995</u>
<b>OPERATING REVENUES</b>		
<b>Charges for Services</b>		
Water Revenues	\$ 52,838	\$ 48,533
Penalties	1,187	1,210
Tapping Fees	150	
Miscellaneous	32	
<b>TOTAL OPERATING REVENUES</b>	<u>54,207</u>	<u>49,753</u>
<b>OPERATING EXPENSES</b>		
<b>Water Department Expenses</b>		
Water Purchased	25,663	22,213
Depreciation	3,482	3,138
Electricity	116	125
Repairs & Maintenance	1,102	1,272
<b>Total</b>	<u>30,363</u>	<u>26,750</u>
<b>General &amp; Administrative Expenses</b>		
Accounting	1,875	1,800
Audit	3,100	1,300
Bad Debts	181	180
Insurance & Bonds	1,408	1,408
Miscellaneous	285	230
Office Supplies	619	1,078
Postage	543	
Salary	8,400	8,400
Sales Tax	815	750
Software Support	100	
Taxes on Payroll	685	413
Telephone	838	318
Travel	548	503
<b>Total</b>	<u>17,498</u>	<u>18,533</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>47,861</u>	<u>45,283</u>
<b>OPERATING INCOME (LOSS)</b>	64	( 651)
<b>NONOPERATING REVENUES</b>		
Interest Income	3,432	4,510
<b>NET INCOME</b>	3,496	3,859
<b>RETAINED EARNINGS, JULY 1</b>	23,788	23,938
<b>RETAINED EARNINGS, JUNE 30</b>	<u>\$ 27,284</u>	<u>\$ 27,797</u>

The accompanying notes are an integral part of this statement.

WATERWORKS DISTRICT NO. 2  
 LEBLANC PARIISH, LOUISIANA  
 ENTERPRISE FUND  
 WATERWORKS SYSTEM FUND  
 COMPARATIVE BALANCE SHEETS  
 JUNE 30, 1996 & 1995

	June 30	
	1996	1995
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 11,304	\$ 8,493
CD - Meter System Revenue Fund	97,500	97,500
Accounts Receivable	5,148	5,509
Unbilled Revenue	722	887
Total Current Assets	114,774	112,789
<b>RESTRICTED ASSETS</b>		
CD - Customer Meter Deposits	4,800	4,500
<b>FIXED ASSETS</b>		
Plant & Equipment, at Cost, Net of Accumulated Depreciation (1996 - \$52,444 & 1995 - \$49,762)	34,303	33,168
<b>TOTAL ASSETS</b>	<b>\$ 153,877</b>	<b>\$ 148,657</b>

(Continued)

The accompanying notes are an integral part of this statement.

GENERAL LONG-TERM DEBT ACCOUNT GROUP

WATERBURY DISTRICT NO. 2  
LINCOLN PARISH, LOUISIANA  
SCHEDULE OF GENERAL LONG-TERM DEBT  
JUNE 30, 1996 & 1995

	<u>June 30</u>	
	<u>1 9 9 6</u>	<u>1 9 9 5</u>
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT		
Amount Available in Debt Service Fund for Debt Retirement	\$ <u>0.00</u>	\$ <u>2,000</u>
 GENERAL LONG-TERM DEBT PAYABLE		
Bonds Payable	\$ <u>0.00</u>	\$ <u>2,000</u>

The accompanying notes are an integral part of this statement.

SUPPLEMENTARY INFORMATION SECTION



MADISON DISTRICT NO. 2  
 LINCOLN PARK, CHICAGO  
 SUPPLEMENTARY INFORMATION  
 COMBINED SCHEDULE OF BOND INTERESTS  
 JUNE 30, 1996

Description	Interest		Issue Date	Fiscal Year	Annual Serial Payments	Authorized & Issued	Bonds	
	Rate	Payable Dates					Retired	Outstanding 6-30-96

GENERAL OBLIGATION  
Bonds

Public Improvement  
 Bonds Water  
 System

4.8%	6-1-82-1	12-1-85	12-1-95	\$2,500 (1992-95)	\$29,500	\$29,500	\$	-0-
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WATKINS CONTRACT NO. 2  
 LYNDOL PIERCE, LOS ANGELES  
 SPOUSEHOLDERS INFORMATION  
 SCHEDULE OF INSURANCE IN FORCE (UNMATURED)  
 JUNE 30, 1996

Insurer	Policy Number	Dates		Description of Coverage	Net Premiums Paid
		Effective	Expiring		
Comm. Union	PMS80548	8-31-94	8-31-97	Commercial General Liability	1,000,000
				General	1,000,000
				Personal & Advertising Fire Medical	20,000 5,000
Northern Surety Company	18370997	6-01-96	6-01-97	Official Bond on Director of Management and Maintenance	10,000
					100
LA Workman's Compensation Corporation	14035	1-01-86	1-01-87	Workman's Compensation	152
					<u>\$ 1,152</u>

OTHER INDEPENDENT AUDITOR'S REPORTS

INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners  
 Waterworks District No. 3  
 Lincoln Parish, Louisiana

in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and the individual fund and account group financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my 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.

#### Findings

An adequate internal control structure requires proper segregation of duties. The Waterworks does not have a sufficient number of employees to provide for proper segregation of duties due to economic limitations.

#### Recommendation

Because the condition is inherent, no action is recommended.

#### Management Response

Management concurs in the finding.

#### Status of prior findings

There were no other prior findings.

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 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 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, I consider the reportable condition described above to be a material weakness as defined above.

INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Board of Commissioners  
Waterworks District No. 3  
Lincoln Parish, Louisiana

of the individual funds and account group of the Waterworks District No. 3, Lincoln Parish, Louisiana, as of June 30, 1984 and 1985, and the results of operations of such funds and the cash flows of the individual proprietary fund type for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated September 12, 1986, on my consideration of the Waterworks District's internal control structure and a report dated September 12, 1986, on its compliance with laws and regulations.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the individual fund and account group financial statements. 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 financial statements of the Waterworks District No. 3, Lincoln Parish, Louisiana. Such information, except for the listing of insurance in force marked "unaudited", on which I express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose and individual fund and account group financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account group, taken as a whole.



R. E. Holladay III, CPA

Monroe, Louisiana  
September 12, 1986

ENTERPRISE FUND

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the Waterworks' commissioners is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the Waterworks' commissioners have decided that periodic determination of net income is appropriate for accountability purposes.

WATERWORKS SYSTEM FUND

This fund is used to account for the operations of the Waterworks System.



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INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE  
 BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
 IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners  
 Waterworks District No. 2  
 Lincoln Parish, Louisiana

I have audited the general purpose financial statements and the individual fund and account group financial statements of Waterworks District No. 2, Lincoln Parish, Louisiana for the year ended June 30, 1996, and have issued my report thereon dated September 12, 1996.

I conducted my audit in accordance with generally accepted auditing standards and Government Audit Standards, issued by the Comptroller General of the United States. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Waterworks District No. 2, Lincoln Parish, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the general purpose financial statements and the individual fund and account group financial statements of the Waterworks District No. 2, for the year ended June 30, 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk

MADISON PARISH DISTRICT NO. 3  
LINCOLN PARISH, LOUISIANA  
STATEMENTS OF REVENUE, EXPENDITURES &  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUND TYPE  
POST SERVICE FUND  
YEARS ENDED JUNE 30, 1996 & 1995

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	YEAR ENDED JUNE 30	
	1 9 9 6	1 9 9 5
<b>REVENUES</b>		
Interest Income	\$ 310	\$ 310
<b>EXPENDITURES</b>		
<b>Debt Service</b>		
Principal Retirement	3,000	3,000
Interest	120	120
<b>TOTAL EXPENDITURES</b>	<b>3,120</b>	<b>3,120</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	( 1,721)	( 1,810)
<b>FUND BALANCES, JULY 1</b>	<b>4,878</b>	<b>4,488</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 4,956</b>	<b>\$ 4,678</b>

The accompanying notes are an integral part of this statement.

WATERWORKS DISTRICT NO. 2  
 LINCOLN PARISH, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 1995 & 1996

(1) RESTRICTED ASSETS - PROPRIETARY FUND TYPE

Certain assets of the Waterworks District No. 2 have been restricted for customer meter deposits. These assets consist of short-term investments as follows:

Description	June 30	
	1995	1996
Certificate of Deposit	\$ 4,100	\$ 4,500

(2) CASH & INVESTMENTS

Cash

At June 30, 1995, the Waterworks District Cash consist of the following:

	Enterprise Fund
Petty Cash & Change Fund	\$ 100
Interest-Bearing Demand Deposits	11,288
Total	\$ 11,388

At June 30, 1996, carrying amounts of the Waterworks District investments were as follows:

	Debt Service Fund	Enterprise Fund
Certificates of Deposit	\$ 4,333	\$ 97,500

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

WATERWORKS DISTRICT NO. 3  
LINCOLN PARISH, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 1998 & 1995

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I. 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 Waterworks District's financial position and operations. However, complete comparative data (i.e., presentation of prior year totals by fund type in each of the statements) have not been presented since their inclusion would make the statements unduly complex and difficult to understand.

J. MEMORANDUM ONLY - TOTAL COLUMN

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

K. FUND EQUITY

Reserves are recorded to indicate that a portion of the fund balance is legally segregated for a specific future use. Following is a list of all reserves used and a description of each:

Reserved for Debt Service - an account used to segregate a portion of fund balance for debt service resources restricted to the payment of long-term debt principal amounts maturing in future years.

Contributed Capital is recorded in the proprietary fund that has received contributions from developers. It is not amortized based on the depreciation recognized on that portion of assets acquired from such contributions.

L. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

WATERWORKS DISTRICT NO. 1  
LINCOLN PARISH, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 1994 & 1995

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D. BASIS OF ACCOUNTING (CONT'D)

The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

E. FUNDING AND BUDGETARY ACCOUNTING - LEGAL COMPLIANCE

Waterworks District No. 1 is not legally required to adopt a budget and has not done so. Encumbrance accounting is not used.

F. CASH AND CASH EQUIVALENTS

For the purposes of the Statement of Cash Flows, cash includes amounts in demand deposits and interest bearing demand deposits, as well as short-term Certificates of Deposit with a maturity date within three months of the date acquired by the Waterworks. Certificates of deposit and other securities with original maturities over three months are classified as short-term investments and stated at cost, which approximates market value.

G. INVESTMENTS

The Waterworks 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.

H. INTEREST RECEIVABLE

Interest on investments is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

WATERWORKS DISTRICT NO. 2  
LINCOLN PARISH, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 1998 & 1999

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C. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Depreciation has been provided over the estimated service lives using the straight-line method. The estimated service lives are as follows:

Water Utility

Office Equipment	5 Years
Storage Building	20 Years
Waterline Distributions	20-30 Years

Depreciation on the proprietary fund amounted to \$1,481 for the fiscal year.

All property, plant and equipment are valued at historical cost with the exception of donated property, plant and equipment which are valued at their estimated fair value of \$8,144 on the date donated. Depreciation on donated property amounted to \$408 for the fiscal year.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds. The governmental fund, net service fund, uses the following practices in recording revenues and expenditures:

Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

WATERWORKS DISTRICT NO. 2  
LINCOLN PARISH, LOUISIANA  
DEBT SERVICE FUND  
COMPARATIVE BALANCE SHEETS  
JUNE 30, 1996 & 1995

	<u>June 30</u>	
	<u>1 9 9 6</u>	<u>1 9 9 5</u>
<b><u>ASSETS</u></b>		
Cash		\$ 276
Certificate of Deposit	\$ 4,955	6,400
<b>TOTAL ASSETS</b>	<b><u>\$ 4,955</u></b>	<b><u>\$ 6,676</u></b>
<b><u>LIABILITIES</u></b>		
None		
<b><u>FUND EQUITY</u></b>		
Reserved for Debt Service		\$ 2,000
Unreserved - Undesignated	\$ 4,955	4,676
<b>Total Fund Balances</b>	<b><u>4,955</u></b>	<b><u>6,676</u></b>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b><u>\$ 4,955</u></b>	<b><u>\$ 6,676</u></b>

The accompanying notes are an integral part of this statement.

WATERWORKS DISTRICT NO. 2  
LINCOLN PARISH, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 1996 & 1995

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A. FINANCIAL REPORTING ENTITY (CONT'D)

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Lincoln Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is 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 financially 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.

Lincoln Parish Police Jury Ordinance 300, dated July 13, 1988, created Waterworks District No. 2, set forth and defined its boundaries, designated its name and number, designated its domicile, its powers and its commissioners, designated the minimum number of meetings of the commissioners and their compensation, set forth the qualifications of the commissioners, designated the maximum amount of salary which may be paid the secretary of the board of commissioners, and designated the officers to be elected by the board of commissioners.

Because of the above criteria, the district was determined to be a component unit of the Lincoln 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.



WATERWORKS DISTRICT NO. 3  
 LINCOLN PARISH, LOUISIANA  
 STATEMENTS OF CASH FLOWS (CONTINUED)  
 PROPRIETARY FUND TYPE  
 ENTERPRISE FUND  
 YEARS ENDED JUNE 30, 1996 & 1995

	Year Ended June 30	
	1 9 9 6	1 9 9 5
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase) in Certificates of Deposit maturing More than Three Months		
CD - Water System Revenue Fund		18 5,100
CD - Customer Meter Deposits	(\$ 380)	_____
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<b>(\$ 380)</b>	<b>1 5,100</b>
<b>NET INCREASE IN CASH</b>	4,094	440
<b>CASH AT JULY 1</b>	<b>8,488</b>	<b>5,845</b>
<b>CASH AT JUNE 30</b>	<b>\$ 12,582</b>	<b>\$ 6,485</b>

(Continued)

The accompanying notes are an integral part of this statement.

**WATERWORKS DISTRICT NO. 2  
LINCOLN PARISH, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 1996 & 1995**

**(3) CASH & INVESTMENTS (CONT'D)**

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 June 30, 1996, the District had \$123,478 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of Federal deposit insurance (Credit Risk Category 1) and \$12,947 of pledged securities with a market value of \$126,794, held by the custodial bank in the name of the Waterworks District No. 2 (Credit Risk Category 2).

**(4) RECEIVABLES**

Receivables at June 30, 1996 & 1995, consist of the following:

	<u>1 9 9 6</u>	<u>1 9 9 5</u>
Enterprise Fund		
Services	\$ 5,146	\$ 5,238

Estimated unbilled revenues on the Waterworks Enterprise Fund as of June 30, 1996, were recognized on a pro-rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

All accounts receivable are considered by management to be fully collectible and no allowances for doubtful accounts is considered necessary.

**(5) SEGMENT INFORMATION - ENTERPRISE FUND**

The waterworks district maintains an enterprise fund which is intended to be self-supporting through user fees charged for water service to the public. Financial segment information as of and for the years ended June 30, 1996 and 1995, is presented below.

	<u>Year Ended June 30</u>	
	<u>1 9 9 6</u>	<u>1 9 9 5</u>
Property & Equipment Additions	\$ 1,218	
Operating Revenues	64,813	\$ 68,713
Depreciation Expenses	2,002	2,139
Operating Income	64	( 651)
Net Income	5,283	3,858
Net Working Capital	112,440	108,098
Total Assets	153,858	148,803
Total Equity	146,288	141,482

WATKINSON DISTRICT NO. 2  
LINCOLN PARISH, LOUISIANA  
STATEMENTS OF REVENUES, EXPENDITURES & CHANGES IN  
RETAINED EARNINGS - PROPRIETARY FUND TYPE  
ENTERPRISE FUND  
YEARS ENDED JUNE 30, 1996 & 1995

	<u>Year Ended June 30</u>	
	<u>1 9 9 6</u>	<u>1 9 9 5</u>
<b>OPERATING REVENUES</b>		
<b>Charges For Services</b>		
Meter Revenue	\$ 52,918	\$ 49,522
Penalties	1,153	1,210
Tapping Fees	180	
Miscellaneous	<u>72</u>	<u>        </u>
TOTAL OPERATING REVENUES	<u>54,323</u>	<u>50,732</u>
<b>OPERATING EXPENSES</b>		
Water Department Expenses	36,953	35,850
General & Administrative Expenses	<u>17,486</u>	<u>19,323</u>
TOTAL OPERATING EXPENSES	<u>54,439</u>	<u>55,173</u>
OPERATIVE INCOME (LOSS)	64	( 441)
<b>NONOPERATING REVENUES</b>		
Interest Income	<u>4,312</u>	<u>4,310</u>
NET INCOME	5,660	3,869
RETAINED EARNINGS, JULY 1	<u>52,738</u>	<u>60,212</u>
RETAINED EARNINGS, JUNE 30	<u>\$ 58,398</u>	<u>\$ 64,081</u>

The accompanying notes are an integral part of this statement.

WATERWORKS DISTRICT NO. 2  
 LISBON, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 1986 & 1985

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**B. FUND ACCOUNTING**

The Waterworks District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, 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 available financial resources.

Funds are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types" as follows:

Governmental Fund

Debt Service Fund

The Debt Service fund is used to account for the accumulation of resources for, and the payment of interest and principal on general long-term debt.

Proprietary Fund

Enterprise Fund

The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to a private business enterprise - 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.

**C. PROPERTY, PLANT AND EQUIPMENT**

Public domain (infrastructure) assets including the waterline distribution system are capitalized along with other fixed assets and are included on the proprietary fund's balance sheet.

WATERWORKS DISTRICT NO. 2  
 MONROE PARISH, LOUISIANA  
 COMBINED BALANCE SHEET - ALL FUND TYPES  
 JUNE 30, 1999

	Governmental Fund		Proprietary Fund Type	Totals (Memoranda only)	
	Debt	Service		1998	1999
<b>LIABILITIES &amp; FUND EQUITY</b>					
<b>LIABILITIES</b>					
Accrued Water Purchases			\$ 2,280	\$ 2,280	\$ 2,280
Payable from Restricted Assets					
Customer Meter Deposits			4,664	4,664	4,664
General obligation Bonds Payable					
<b>TOTAL LIABILITIES</b>			<u>\$ 6,944</u>	<u>\$ 6,944</u>	<u>\$ 6,944</u>
<b>FUND EQUITY</b>					
Contributed Capital			47,664	47,664	47,664
Retained Earnings					
Unreserved			99,161	99,161	99,161
Fund Balances					
Reserved for Debt Service					1,000
Unreserved - Undesignated	\$ 4,253				4,253
<b>TOTAL FUND EQUITY</b>	<u>\$ 4,253</u>	<u>\$ 145,925</u>	<u>\$ 150,178</u>	<u>\$ 150,178</u>	<u>\$ 148,318</u>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<u>\$ 4,253</u>	<u>\$ 150,178</u>	<u>\$ 150,178</u>	<u>\$ 150,178</u>	<u>\$ 157,312</u>

(Continued)

The accompanying notes are an integral part of this statement.

WATSONVILLE DISTRICT NO. 2  
 CANTON PARISH, LOUISIANA  
 COMBINED BALANCE SHEET - ALL FUND TYPES  
 JUNE 30, 1994

	Governmental Fund		Proprietary Fund		Totals	
	Type Debit	Revenue	Type Debit	Revenue	(Miscellaneous)	(Total)
<b>ASSETS &amp; OTHER DEBITS</b>						
Cash		\$ 4,888		\$ 11,384	\$ 16,272	\$ 16,272
Certificates of Deposit				87,500	87,500	87,500
Receivables				5,146	5,146	5,146
services (Net of Allowance of \$0)				739	739	739
Unbilled Revenue						
Restricted Assets				4,888	4,888	4,888
Certificate of Deposit						
Property, Plant & Equipment				3,619	3,619	3,619
office equipment				3,079	3,079	3,079
Buildings				540	540	540
Water Distribution System				800	800	800
land						
Accumulated Depreciation				( 32,444)	( 32,444)	( 32,444)
Amount Available in Debt						
Service Fund						
<b>TOTAL ASSETS &amp; OTHER DEBITS</b>		\$ 4,888		\$ 153,825	\$ 158,713	\$ 158,713

(Continued)

The accompanying notes are an integral part of this statement.

GENERAL PURPOSE FINANCIAL STATEMENTS

**ROBERT E. HOLLADAY III, CPA**

MEMBERSHIP BRANCH

HOUSTON, TEXAS

**MEMBER**

AMERICAN INSTITUTE OF CPAS  
SOCIETY OF MASSACHUSETTS

TELEPHONE  
508-263-8800

Independent Auditor's Report

To the Board of Commissioners  
Waterworks District No. 2  
Lincoln Parish, Louisiana

I have audited the accompanying general purpose financial statements of the Waterworks District No. 2, Lincoln Parish, Louisiana (a component-unit of the Lincoln Parish Police Jury), as of and for the year ended June 30, 1986, and the individual fund and account group financial statements of the Waterworks as of and for the years ended June 30, 1984 and 1985, 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 audits.

I conducted my audits in accordance with generally accepted auditing standards and Government Auditing Standards, 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.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Waterworks District No. 2, Lincoln Parish, Louisiana, as of June 30, 1986, 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. Also, in my opinion, the individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of each



FINANCIAL SECTION

WATERWORKS DISTRICT No. 3  
LINCOLN PARISH, LOUISIANA  
FINANCIAL REPORT  
YEAR ENDED JUNE 30, 1994  
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WATERWORKS DISTRICT NO. 3  
 LINCOLN PARISH, LOUISIANA  
 FINANCIAL REPORT  
 YEAR ENDED JUNE 30, 1996  
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WATERBOURNE DISTRICT NO. 2  
LINCOLN PARISH, LOUISIANA  
FINANCIAL REPORT  
AND SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 1964

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, 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.

Website Date: DEC 11 2006 .1

WATERWORKS DISTRICT NO. 3  
LINCOLN PARISH, LOUISIANA  
STATEMENTS OF CASH FLOWS  
PROPRIETARY FUND TYPE  
ENTERPRISE FUND  
YEARS ENDED JUNE 30, 1994 & 1993

	<u>Year Ended June 30</u>	
	<u>1 9 9 4</u>	<u>1 9 9 3</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
NET INCOME - Exhibit C	\$ 5,583	\$ 3,850
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	2,682	2,139
Changes in Assets & Liabilities:		
<u>Increase/Decrease in Assets</u>		
Accounts Receivable	784	( 956)
Unbilled Revenue	347	( 160)
<u>Increase/Decrease in Liabilities</u>		
Accrued Water Purchases	( 818)	818
Total Adjustments	3,335	3,641
NET CASH PROVIDED BY OPERATING ACTIVITIES	9,630	5,500
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>		
Increase in Customer Meter Deposits	335	245
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	335	245
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>		
Purchase of Office Equipment	( 3,619)	_____
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	( 3,619)	_____

(Continued)

The accompanying notes are an integral part of this statement.

WATERWORKS DISTRICT NO. 2  
LINCOLN PARISH, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 1996 & 1995

16) CHANGES IN PROPRIETARY FUND PROPERTY, PLANT AND EQUIPMENT

A summary of proprietary fund type property, plant and equipment at June 30, is as follows:

	June 30	
	1996	1995
Office equipment	\$ 3,615	
Buildings	1,870	\$ 1,870
Water Distribution System <sup>1</sup>	78,880	78,468
Land	880	800
Totals	84,245	81,138
Accumulated Depreciation	( 52,883)	( 53,762)
Net	\$ 31,362	\$ 27,376

Additions during the year ended June 30, 1996, amounted to \$1,615. There were no retirements.

17) LONG-TERM DEBT

General long-term debt transactions for the year ended June 30, 1996, follows:

General Obligation	Original Amount	Interest Rate	Bonds Outstanding 7-1-95	Retired During Year	Bonds Outstanding 6-30-96
Materworks FD Bonds	\$19,580	4.88	\$ 2,000	\$ 2,000	\$ -0-

18) CONTRIBUTED CAPITAL - PROPRIETARY FUND

Contributed capital on June 30, 1996, consist of:

Contribution from subdivision - Water well & distribution lines	\$ 8,144
12-1-85 Public Improvement Bond Proceeds Used for Construction of Capital Assets	19,580
Total	\$ 27,724

<sup>1</sup>Included donated value of \$8,168

DEBT SERVICE FUND

The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

WATERWORKS PUBLIC IMPROVEMENT BONDS - 12-1-65

This fund is used to accumulate monies for payment of the 1965 \$10,000 Waterworks Public Improvement Bonds, which are serial bonds due in annual installments, plus interest, through maturity in 1994.

INDIVIDUAL FUND  
AND ACCOUNT GROUP  
FINANCIAL STATEMENTS AND  
SCHEDULES



WATERWORKS DISTRICT NO. 2  
LINCOLN PARISH, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 1994 & 1995

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## (11) WATER CONTRACTS (CONT'D)

Information regarding gallons of water purchased and sold is as follows:

<u>Description</u>	<u>Year Ended June 30</u>	
	<u>1 9 9 4</u>	<u>1 9 9 5</u>
gallons Purchased	31,874,980	30,951,416
gallons Sold	26,168,824	21,684,434

The above discrepancies are consistent with prior years and the cause has not been determined.

## (12) CONTINGENT LIABILITIES

At June 30, 1995, there was no pending or contemplated litigation involving Waterworks District No. 2 which might involve contingent liabilities.

## (13) COMPENSATED ABSENCE

No accrual was made as prescribed in FASB 43 for employee compensation for future absences (vacation pay) since these rights do not vest or accumulate.

## (14) COMMISSIONERS COMPENSATION

No compensation was paid to any member of the Board of Commissioners during the year ended June 30, 1994. Board members who served during the year are listed below.

<u>Commissioner</u>	<u>Compensation</u>
M. M. Cooper, Jr., President-Treasurer	None
Bruce Ayres, Vice-President	None
Wayne Herring, Secretary	None
Salva L. Delony	None
Way C. Delony	None
Bill Graham	None
Joseph E. Thomas, Jr.	None
Douglas Willis	None

WATERWORKS DISTRICT NO. 2  
 LINCOLN PARISH, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 1996 & 1995

(9) CONCENTRATIONS OF CREDIT RISK

The Waterworks grants credit without collateral in excess of customers' deposits. Customers are local area residents within the Waterworks district.

(10) WATER REVENUE

A summary of water sales to metered customers for the last two years is presented below.

	Year Ended June 30	
	1 9 9 6	1 9 9 5
Sales to Customers	\$ 32,938	\$ 49,822
Number of Customer at June 30	180	182

On August 22, 1992, the following rates were approved by the Board of Commissioners, to be effective September 21, 1992.

Up to 2,000 gallons	\$9.50 Minimum
Next 2,000 gallons	2.00 per 1,000 gallons
Next 2,000 gallons	1.00 per 1,000 gallons
Over 10,000 gallons	1.20 per 1,000 gallons

This rate increase followed a cost increase on water purchased from the City of Ruston, from \$.45 to \$1.00 per 1,000 gallons effective October 1, 1992.

(11) WATER CONTRACTS

Waterworks District No. 2 purchases its water from the City of Ruston. The original contract, which was executed in 1963, has no fixed expiration date. This contract allows the City of Ruston to increase the water rate if its cost of water increases. As of June 30, 1996, the rate charged by the City of Ruston is \$1.00 per 1,000 gallons. Purchases of water by Waterworks District No. 2 were \$31,081 and \$32,313 for the years ended June 30, 1996 and 1995, respectively.

WATERWORKS DISTRICT NO. 2  
LINCOLN PARISH, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996 & 1995

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Waterworks District No. 2, pursuant to Louisiana Revised Statute 33:1811, was created by Ordinance 102, dated July 11, 1966, adopted by the Lincoln Parish Police Jury. The Waterworks System was completed and it became revenue producing during the month of May, 1966. The Waterworks System serves the residents of Vidiana and certain areas north and south of Vidiana.

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying general purpose, individual fund and account group financial statements of the Lincoln Parish Waterworks District No. 2 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units, except as noted elsewhere in this report. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Waterworks' accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:514 and to the guides set forth in the Louisiana Governmental Audit Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The more significant of the Waterworks' accounting policies are described below.

A. FINANCIAL REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Lincoln Parish Police Jury is the financial reporting entity for Lincoln Parish. The financial reporting entity consists of (a) 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.