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MAITLAND WATERWORKS DISTRICT  
CATAHOULA PARISH  
Clayton, Louisiana

Component Unit Financial Statements  
and Auditor's Report

June 30, 1996  
and for the Year Then Ended

(with comparative figures at June 30, 1995)

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MAITLAND WATERWORKS DISTRICT

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 3-26-97

**JERI SUE TOSSPON**  
Certified Public Accountant

MAITLAND WATERWORKS DISTRICT  
CATAHOULA PARISH  
Clayton, Louisiana

Component Unit Financial Statements  
and Auditor's Report

June 30, 1996  
and for the Year Then Ended

(with comparative figures at June 30, 1995)

MAITLAND WATERWORKS DISTRICT  
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SECTION I  
COMPONENT UNIT FINANCIAL STATEMENTS  
REPORT ON FINANCIAL STATEMENTS

**JERI SUE TOSSPON**

Certified Public Accountant  
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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners  
Maitland Waterworks District  
Clayton, Louisiana

I have audited the accompanying financial statements of the Maitland Waterworks District, a component unit of the Catahoula Parish Police Jury, State of Louisiana, as of June 30, 1996 and for the year then ended. These financial statements are the responsibility of the Waterworks District's 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. 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 financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Maitland Waterworks District, as of June 30, 1996, and the results of its operations and the cash flows for the year then ended in conformity with generally accepted accounting principles.

*Jeri Sue Tosspon*

Ferriday, Louisiana  
December 27, 1996

MAITLAND WATERWORKS DISTRICT  
BALANCE SHEET  
JUNE 30, 1996

(PROPRIETARY FUND TYPE - ENTERPRISE)

(With comparative figures from year end June 30, 1995)

ASSETS

	Year Ended June 30, 1996	Year Ended June 30, 1995
Current Assets		
Cash (Note 3)	\$ 6,783	\$ 3,651
Accounts receivable, water sales	9,123	9,039
Prepaid expenses	<u>28</u>	<u>29</u>
Total current assets	<u>\$ 15,934</u>	<u>\$ 12,719</u>
Restricted Assets (Notes 3 and 4)		
Bond Sinking Fund:		
Cash	\$ 10,051	\$ 10,049
Bond Reserve Account:		
Cash	19,649	18,896
Certificates of deposit	1,611	776
Certificates of deposit	<u>20,997</u>	<u>18,600</u>
Total restricted assets	<u>\$ 52,308</u>	<u>\$ 48,815</u>
Property, Plant and Equipment (Note 5)	\$ 924,547	\$ 924,547
Property, plant and equipment	222,510	194,377
Less accumulated depreciation	<u>\$ 702,037</u>	<u>\$ 730,170</u>
Net property, plant & equipment		
Other Assets		
Utility deposits	\$ 700	700
Unamortized bond costs	3,685	3,807
Unamortized organization costs	<u>3,309</u>	<u>3,419</u>
Total other assets	<u>\$ 7,694</u>	<u>\$ 7,926</u>
Total Assets	<u>\$ 777,973</u>	<u>\$ 799,630</u>

LIABILITIES, CONTRIBUTIONS AND RETAINED EARNINGS

	Year Ended June 30, 1996	Year Ended June 30, 1995
Current Liabilities (Payable from current assets)		
Accounts payable	\$ 1,182	\$ 1,300
Sales tax payable	204	204
Payroll taxes payable	<u>316</u>	<u>313</u>
Total current liabilities (Payable from current assets)	<u>\$ 1,702</u>	<u>\$ 1,817</u>
Current Liabilities (Payable from restricted assets)		
Notes payable - current portion (Note 6)	\$ 3,492	\$ 3,258
Accrued interest payable	<u>10,003</u>	<u>10,141</u>
Total current liabilities (Payable from restricted assets)	<u>\$ 13,495</u>	<u>\$ 13,399</u>
Long-term Liabilities		
Notes payable (Note 6)	\$ 268,759	\$ 271,863
Total Liabilities	<u>\$ 283,956</u>	<u>\$ 287,079</u>
Contributions		
Grant in aid of construction - FmHA	<u>\$ 677,100</u>	<u>\$ 677,100</u>
Total Contributions	<u>\$ 677,100</u>	<u>\$ 677,100</u>
Retained Earnings		
Reserved for revenue bond retirement	\$ 29,700	\$ 29,441
Unreserved	<u>(212,783)</u>	<u>(193,990)</u>
Total Retained Earnings	<u>(\$ 183,083)</u>	<u>(\$ 164,549)</u>
Total Liabilities, Contributions and Retained Earnings	<u>\$ 777,973</u>	<u>\$ 799,630</u>

See accompanying notes to financial statements.

MAITLAND WATERWORKS DISTRICT  
STATEMENT OF REVENUES AND EXPENSES  
YEAR ENDED JUNE 30, 1996

(With comparative figures from year ended June 30, 1995)

	Year ended June 30,	
	1996	1995
Operating Revenues		
Water sales and late fees	\$69,678	\$66,287
Meter fees	2,690	2,495
Other income		519
Total operating revenue	<u>\$72,368</u>	<u>\$69,301</u>
Operating Expenses		
Salaries	\$14,652	\$14,012
Payroll taxes	1,274	1,204
Water system operation	11,936	16,137
Purchases of water		5,000
Utility expense	10,970	6,472
Office expense and operations	4,484	2,710
Insurance	2,826	4,422
Professional fees	1,875	1,810
Well site rent	1	1
Depreciation	28,133	27,105
Amortization	231	231
Total operating expense	<u>\$76,382</u>	<u>\$79,104</u>
Net income (loss) from operations	<u>(\$ 4,014)</u>	<u>(\$ 9,803)</u>
Other Revenue and (Expenses)		
Interest income	\$ 2,120	\$ 1,360
Interest expense	( 16,640)	( 16,692)
Total other revenue (expenses)	<u>(\$14,520)</u>	<u>(\$15,332)</u>
Net Income (Loss)	<u>(\$18,534)</u>	<u>(\$25,135)</u>

See accompanying notes to financial statements.

MAITLAND WATERWORKS DISTRICT  
 STATEMENT OF CHANGES IN RETAINED EARNINGS  
 YEAR ENDED JUNE 30, 1996

(With comparative figures from the year ended June 30, 1995)

	Year Ended June 30,	
	1996	1995
Retained earnings, July 1, 1995	(\$164,549)	(\$139,414)
Add:		
Net income (loss)	( <u>18,534</u> )	( <u>25,135</u> )
Retained earnings, June 30, 1996	( <u>\$183,083</u> )	( <u>\$164,549</u> )

See accompanying notes to financial statements.



MAITLAND WATERWORKS DISTRICT  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 1996

Cash flows from operating activities			
Cash received from water sales		\$72,284	
Interest income received		2,120	
Cash paid to suppliers and employees		( 48,132)	
Interest expense paid		<u>( 16,778)</u>	
Net cash provided by operating activities			\$ 9,494
Cash flows from financing activities			
Principal paid on notes payable		<u>(\$ 2,869)</u>	
Total cash used for financing activities			<u>( 2,869)</u>
Net increase (decrease) in cash			(\$ 6,625)
Cash at beginning of year			<u>52,466</u>
Cash at end of year			<u>\$59,091</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income			(\$18,534)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation		\$28,133	
Amortization		232	
Change in assets and liabilities:			
Increase in accounts receivable	(\$ 84)		
Decrease in accounts payable	( 115)		
Decrease in accrued interest payable	<u>( 138)</u>	<u>( 337)</u>	<u>28,028</u>
Net cash provided by operating activities			<u>\$ 9,494</u>

See accompanying notes to financial statements.

MAITLAND WATERWORKS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE 1 - INTRODUCTION

The Maitland Waterworks District is a component unit of the Catahoula Parish Police Jury. It was created by the Police Jury by ordinance in 1981 to serve the rural areas of eastern Catahoula Parish, under R.S. 33:3811.

The Maitland Waterworks District is governed by a Board of Commissioners who are appointed by the members of the Police Jury. The Board consists of five members each serving five year terms.

The District serves approximately 251 consumers with a staff of two part-time employees. They maintain over 99 miles of water lines, supplying over 15,000,000 gallons of water annually from one well.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation - The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied 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 parish, for reporting purposes, the Catahoula Parish Police Jury is the financial reporting entity for Catahoula 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 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 Catahoula Parish Police Jury 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

This criteria includes:

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

Because the police jury appoints a voting majority of the Waterworks District's board and said board is fiscally dependent on the police jury, the district was determined to be a component unit of the Catahoula 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.

C. Fund Accounting - The accounts of Catahoula Waterworks District #1 are organized on the basis of a single proprietary fund type, the enterprise fund. Enterprise funds are used to account for operations in a manner similar to private business enterprises where the costs (expense, including depreciation) of providing sewerage services to the general public on a continuing basis are financed through user charges.

D. Basis of Accounting - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The proprietary fund is accounted for using the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Bad debts are recognized when they become uncollectible.

E. Cash and Certificates of Deposit - Cash includes amounts in demand deposits. The District conducts all its banking transactions with one state-chartered institution in Catahoula Parish.

At June 30, 1996, the Maitland Waterworks District had \$60,264 (banks' balance) on deposit at this financial institution.

All cash and certificates of deposit are deposited in financial institutions insured by an agency of the United States Government.

F. Inventories - Inventories of materials and supplies are considered to be expenditures at the time of purchase. Amounts on hand at the financial statement date are immaterial and, therefore, are not included in the balance sheet.

G. Property, Plant and Equipment - Additions to the utility plant in service are recognized at cost, or if contributed property, at their estimated fair market value at the time of contribution. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation of fixed assets used by the Waterworks District is charged as an expense against their operations. Depreciation is calculated over the estimated useful life of the assets using the straight line method as follows:

Buildings	40 years
Distribution system	40 years
Equipment	5-15 years

H. Amortization of Bond Expense and Organization Costs - The cost of issuance of bonds and the cost of organizing and legal advice during the creation of the District are being amortized using the straight-line method, over a 40 year period.

I. Reserves of Fund Equity - The Waterworks District records reserves to represent those portions of fund equity legally segregated for a specific future use. The following lists such reserves used by the Waterworks District:

Sinking Fund & Note Reserves	\$29,700
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Vacation and Sick Leave - The District does not have a formal leave policy for accumulation and vesting of vacation and sick leave. All vacation and sick days accumulated are forfeited upon resignation or dismissal. The days that are granted are included in salaries annually.

K. Pension Plans - The District does not have a retirement program for its employees and the employees are not members of the State of Louisiana Retirement System.

L. Income Taxes - Maitland Waterworks District is a special government district, and, as such, is not subject to federal or state income taxes.

NOTE 3 - CASH AND CERTIFICATES OF DEPOSIT

At June 30, 1996, the Waterworks District had cash and certificates of deposit totalling \$59,091, as follows:

Demand deposits	\$18,345
Certificates of deposit	40,646
Cash of hand	100
	<u>\$59,091</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent banks. At June 30, 1996, the Waterworks District had \$60,264 in collected bank balances. These deposits are secured from risk by \$100,000 of federal deposit insurance.

NOTE 4 - RESTRICTED ASSETS

Certain assets were restricted for debt service, and construction. These assets consisted of and are restricted to the following:

Bond debt service	\$10,051
Bond sinking fund	19,649
Bond depreciation fund	22,608
	<u>\$52,308</u>

NOTE 5 - CHANGES IN FIXED ASSETS

A summary of the Waterworks District's property, plant and equipment and changes thereto follows:

	Balance June 30, 1995	Additions	Deletions	Balance June 30, 1996
Land and right of way easements	\$ 8,550	\$ -0-	\$ -0-	\$ 8,550
Distribution system, wells, tanks and fixtures	810,345			810,345
Office building, furniture, fixtures and equip.	105,652			105,652
	<u>\$924,547</u>	\$ -0-		<u>\$924,547</u>
Less accumulated depreciation	194,377	28,133		222,510
	<u>\$730,170</u>	<u>(\$28,133)</u>	\$ -0-	<u>\$702,037</u>

NOTE 6 - CHANGES IN LONG-TERM DEBT

The following is a summary of the notes payable for the year ended June 30, 1996:

	Note R-1	Note R-2	TOTAL
Notes payable at June 30, 1995	\$191,309	\$83,812	\$275,121
Less principal paid	1,919	951	2,870
Notes payable at June 30, 1996	<u>\$189,390</u>	<u>\$82,861</u>	<u>\$272,251</u>

Long-term debt at June 30, 1996 consists of:

Notes Payable R-1 - Water Revenue Bonds due to Farmers Home Administration issued December 15, 1986 in the original amount of \$201,700 due in annual installments of \$13,587 thru December 14, 2026 including interest at a rate of 6.0%.

Revenues and the water plant and distribution system are pledged as collateral for this loan.

\$189,391

Notes Payable R-2 - Water Revenue Bond due to Farmers Home Administration issued December 15, 1986 in the original amount of \$90,000 at an interest rate of 6% due in annual installments of \$6,062 including interest thru December 14, 2026. This loan is secured by a pledge of revenues from the sale of water by the District and the water plant and distribution system.

82,860

Total notes payable

\$272,251

The District's proprietary fund bonds are governed by bond indenture, the terms of which are summarized as follows:

NOTE 6 - CHANGES IN LONG-TERM DEBT (Continued)

- (1) Waterworks Operations and Maintenance Fund  
Funds are to be transferred to this fund from the Waterworks Revenue Fund on the first day of each month in sufficient amounts to pay all operating expenses and to make a reasonable provision for the repair and maintenance of the system.
- (2) Waterworks Bond Reserve Funds (Debt Service and Sinking: All Notes)  
The minimum amount to be transferred to this fund each month from the Waterworks Revenue fund shall be not less than one-twelfth of the amount of principal and interest coming due on the next succeeding note payment date.
- (3) Waterworks Bond Reserve Funds (Debt Service and Sinking: Both Notes)  
An amount of 5% of the required minimum monthly debt service is to be transferred from the Waterworks Revenue Fund to the Bond Reserve Fund until \$19,649 has been accumulated.
- (4) Waterworks Depreciation Fund  
An amount equal to \$100 per month is to be transferred to this fund on the first day of each month from the Waterworks Revenue Fund. Monies in this fund shall be used solely for the purpose of paying the cost for major repairs of damages caused by unforeseen catastrophe and for the replacements made necessary by the depreciation of the system. Money in this fund may also be used to pay principal or interest on the Bonds falling due at any time there is not sufficient money for payment in the other bond funds.

The District is in compliance with all of these covenants.

The annual requirements to retire general long-term debt as of June 30, 1996 are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
1997	\$ 3,492	\$ 16,157	\$ 19,649
1998	3,701	15,948	19,649
1999	3,923	15,726	19,649
2000	4,004	15,645	19,649
2001	4,221	15,428	19,649
Thereafter	252,910	209,340	462,250
	<u>\$ 272,251</u>	<u>\$288,244</u>	<u>\$560,495</u>

NOTE 7 - BAD DEBTS EXPENSE

The District uses the direct write-off method to account for bad debts.

NOTE 8 - LITIGATION

The District is not involved in any litigation at June 30, 1996.

NOTE 9 - COMPENSATION OF BOARD OF COMMISSIONERS

There was no compensation or per diem paid to any member of the Board of Commissioners during the year ended June 30, 1996. However, one of the board members is also an employee of the District in the clerical area and was paid a total of \$7,169 which includes wages and travel for those duties during the year ended June 30, 1996.



SECTION II  
REPORT ON INTERNAL CONTROL

**JERI SUE TOSSPON**

Certified Public Accountant  
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
STRUCTURE AND RELATED MATTERS NOTED IN A FINANCIAL  
STATEMENT AUDIT CONDUCTED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

The Board of Commissioners  
Maitland Waterworks District

I have audited the component unit financial statements of Maitland Waterworks District, a component unit of the Catahoula Parish Police Jury, State of Louisiana, for the year ended June 30, 1996, and have issued my report thereon dated December 27, 1996.

I have conducted my audit 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 component unit financial statements are free of material misstatement.

The management of Maitland Waterworks District 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 component unit 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.

The Board of Commissioners  
Maitland Waterworks District  
Page Two

In planning and performing my audit of the component unit financial statements of Maitland Waterworks District, for the year ended June 30, 1996, I obtained an understanding of the internal control structure. With The Board of Commissioners 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 in order to determine my auditing procedures for the purpose of expressing my opinion on the component unit financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the 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 component unit financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as described above.

This report is intended for the information of the audit committee, management, and the Legislative Auditor of the State of Louisiana. However, this report is a matter public record, and its distribution is not limited.

*Jeri Sue Josspon*

Ferriday, Louisiana  
December 27, 1996

SECTION III

REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

**JERI SUE TOSSPON**

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

The Board of Commissioners  
Maitland Waterworks District

I have audited the accompanying component unit financial statements of Maitland Waterworks District, a component unit of the Catahoula Parish Police Jury, State of Louisiana, as of and for the year ended June 30, 1996, and issued my report thereon dated December 27, 1996.

I conducted my audit 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.

Compliance with laws, regulations, contracts, and grants applicable to Maitland Waterworks District #1, is the responsibility of the Waterworks District's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the Waterworks District's compliance with certain provisions of laws, regulations, contracts, and grants. However, my objective was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of management, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Jeri Sue Tosspon*

Ferriday, Louisiana  
December 27, 1996