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FINANCIAL REPORT OF THE  
REDDELL-VIDRINE WATER DISTRICT  
EVANGELINE PARISH, LOUISIANA  
FOR THE YEAR ENDED  
DECEMBER 31, 1999

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Release Date 08-02-00

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Reddell-Vidrine Water District  
Evangeline Parish, Louisiana

I have audited the accompanying component unit financial statements of the Reddell-Vidrine Water District, Evangeline Parish, Louisiana, as of and for the year ended December 31, 1999, as listed in the table of contents. These component unit financial statements are the responsibility of the Reddell-Vidrine Water District's management. My responsibility is to express an opinion on these component unit financial statements based on my audit.

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. 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 component unit financial statements referred to above present fairly, in all material respects, the financial position of the Reddell-Vidrine Water District, Evangeline Parish, Louisiana, as of December 31, 1999, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated June 21, 2000, on my consideration of the Reddell-Vidrine Water District's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grants.

*Michael W. Johnson*

Michael W. Johnson  
Certified Public Accountant

Eunice Louisiana  
June 21, 2000

COMPONENT UNIT FINANCIAL STATEMENTS

(Combined Statement Overview)

REDDELL-VIDRINE WATER DISTRICT  
OF EVANGELINE PARISH, LOUISIANA

Comparative Balance Sheet, Proprietary Fund Type -  
As of December 31, 1999 and 1998

<u>ASSETS</u>	<u>PROPRIETARY FUND</u>	
	<u>1999</u>	<u>1998</u>
<u>CURRENT ASSETS</u>		
Cash on Deposit		
Checking - G.B.M.	\$ 15,952	\$ 15,464
Savings	8,593	12,858
Certificates of Deposit	34,000	34,000
Less Restricted Cash	<u>( 48,393)</u>	<u>( 48,325)</u>
Total Cash Available	\$ 10,152	\$ 13,997
Accounts Receivable - Water	\$ 15,893	\$ 13,966
Prepaid Insurance	<u>-0-</u>	<u>2,748</u>
Total Current Assets	<u>\$ 26,045</u>	<u>\$ 30,711</u>
<u>RESTRICTED CASH</u>		
Cash for Bond Sinking Fund	\$ 17,659	\$ 16,450
Cash for Bond Reserve Fund	17,349	17,000
Cash for Depreciation & Contingency	810	550
Cash for Security Deposits	<u>12,575</u>	<u>14,325</u>
Total Restricted Cash	<u>\$ 48,393</u>	<u>\$ 48,325</u>
<u>PLANT &amp; EQUIPMENT AT COST</u>		
Land	\$ 24,500	\$ 24,500
Equipment	42,409	42,409
Water System	618,242	470,215
Construction in Progress	<u>-0-</u>	<u>107,080</u>
Total Plant & Equipment	\$ 685,151	\$ 644,204
Less Accumulated Depreciation	<u>(202,885)</u>	<u>(188,410)</u>
Net Plant & Equipment	<u>\$ 482,266</u>	<u>\$ 455,794</u>
<u>OTHER ASSETS</u>		
Security Deposits	<u>\$ 10</u>	<u>\$ 10</u>
TOTAL ASSETS	<u>\$ 556,714</u>	<u>\$ 534,840</u>

The accompanying notes are an integral part of this statement.

(Continued)

REDDELL-VIDRINE WATER DISTRICT  
OF EVANGELINE PARISH, LOUISIANA

Comparative Balance Sheet, Proprietary Fund Type -  
As of December 31, 1999 and 1998  
(Continued)

	<u>PROPRIETARY FUND</u>	
<u>LIABILITIES AND EQUITY</u>	<u>1999</u>	<u>1998</u>
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 2,618	\$ 1,260
Taxes Payable	1,774	1,215
Interest Payable	205	117
FHA Note #1 - Current Portion	9,000	9,000
FHA Note #2 - Current Portion	500	500
FHA Note #3 - Current Portion	2,104	-0-
Guaranty Bank Note Payable	-0-	6,010
Total Current Liabilities	<u>\$ 16,201</u>	<u>\$ 18,102</u>
<u>LIABILITIES FROM RESTRICTED ASSETS</u>		
Security Deposits Payable	<u>\$ 12,575</u>	<u>\$ 14,325</u>
<u>LONG-TERM DEBT (NOTE 2)</u>		
FHA Note #1	\$ 93,000	\$102,000
FHA Note #2	12,000	12,500
FHA Note #3	<u>140,943</u>	<u>106,935</u>
Total Long-Term Liabilities	<u>\$245,943</u>	<u>\$221,435</u>
Total Liabilities	<u>\$274,719</u>	<u>\$253,862</u>
<u>EQUITY</u>		
Memberships	\$ 8,300	\$ 8,300
Retained Earnings	<u>273,695</u>	<u>272,678</u>
Total Equity	<u>\$281,995</u>	<u>\$280,978</u>
TOTAL LIABILITIES AND EQUITY	<u>\$556,714</u>	<u>\$534,840</u>

The accompanying notes are an integral part of this statement.

REDDELL-VIDRINE WATER DISTRICT  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS  
For the Years Ended December 31, 1999 and 1998

	<u>12 Months Ended</u> <u>12/31/99</u>	<u>12 Months Ended</u> <u>12/31/98</u>
<b><u>REVENUES</u></b>		
Water Sales	\$164,797	\$136,076
Connections and Installations	<u>27,623</u>	<u>38,538</u>
Total Revenues	<u>\$192,420</u>	<u>\$174,614</u>
<b><u>EXPENSES</u></b>		
Accounting	\$ 3,435	\$ 2,495
Advertising	376	952
Bad Debts	72	-0-
Bank Service Charges	81	102
Consulting	-0-	128
Contract Labor	3,208	4,555
Depreciation	14,475	13,958
Dues	451	300
Entertainment	561	39
Fees & Permits	106	325
Fuel	94	581
Insurance	14,540	8,432
Legal	1,215	160
License	22	316
Miscellaneous	50	403
Office Expense & Postage	4,603	3,918
Refunds	1,695	922
Repairs	17,072	8,537
Salaries & Wages	49,283	30,199
Supplies	39,436	43,621
Per Diem	3,600	3,500
Sales Tax	222	476
Payroll Taxes	4,466	3,185
Rent Expense	3,832	1,500
Telephone	3,231	2,805
Continuing Education/Seminars	320	90
Truck Expense	2,974	3,178
Utilities	<u>10,925</u>	<u>12,050</u>
Total Expenses	<u>\$180,345</u>	<u>\$146,727</u>
Operating Income	<u>\$ 12,075</u>	<u>\$ 27,887</u>
Other Financing Sources/(Uses)		
Interest Revenue	\$ 1,641	\$ 1,494
Interest Expense	<u>(12,699)</u>	<u>( 7,042)</u>
Total Other Financing Sources/(Uses)	<u>\$ (11,058)</u>	<u>\$ ( 5,548)</u>
Net Income	\$ 1,017	\$ 22,339
Beginning Retained Earnings	<u>272,678</u>	<u>250,339</u>
Ending Retained Earnings	<u>\$273,695</u>	<u>\$272,678</u>

The accompanying notes are an integral part of this statement.

REDELLE-VIDRINE WATER DISTRICT  
COMPARATIVE STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE  
FOR THE YEARS ENDED DECEMBER 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
<u>Cash flows from operating activities:</u>		
Net Income from operating activities	\$ 12,075	\$ 27,877
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	\$ 14,475	\$ 13,958
(Increase)/Decrease in Receivables	( 1,927)	( 81)
(Increase)/Decrease in Prepaids	2,748	( 671)
Increase/(Decrease) in Payables	2,006	1,408
Increase/(Decrease) in Meter Deposits	<u>( 1,750)</u>	<u>1,805</u>
Total Adjustments	<u>\$ 15,552</u>	<u>\$ 16,419</u>
Net cash provided by operating activities	<u>\$ 27,627</u>	<u>\$ 44,296</u>
<u>Cash flows from capital and related financing activities:</u>		
Payments for property, plant & equipment	\$ (40,947)	\$ (121,092)
Note Principle payments	(20,346)	( 9,500)
Loan Proceeds	<u>40,947</u>	<u>112,945</u>
Net cash provided/(used) by capital and related financing activities	<u>\$ (20,346)</u>	<u>\$ ( 17,647)</u>
<u>Cash flows from investing activities:</u>		
Interest Received	\$ 1,641	\$ 1,494
Interest Paid	<u>(12,699)</u>	<u>( 7,042)</u>
Net cash provided (used) by investing activities	<u>\$ (11,058)</u>	<u>\$ ( 5,548)</u>
Net increase/(decrease) in cash and cash equivalents	\$ ( 3,777)	\$ 21,101
Cash and cash equivalents at beginning of year	<u>\$ 62,322</u>	<u>41,221</u>
Cash and cash equivalents at end of year	<u>\$ 58,545</u>	<u>\$ 62,322</u>

The accompanying notes are an integral part of this statement.

**REDELL-VIDRINE WATER DISTRICT**  
**Notes to Financial Statements**  
**As of December 31, 1999**

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

The Reddell-Vidrine Water District of Evangeline Parish, Louisiana was created by the Evangeline Parish Police Jury on July 14, 1967.

Basis of Presentation

The accompanying component unit financial statements of the Reddell-Vidrine Water District of Evangeline Parish, Louisiana 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 established governmental units.

Reporting Entity

This report includes all of the funds and account groups of the District. It includes all activities considered to be part of (controlled by or dependent on) the District.

Fund Accounting

The Reddell-Vidrine Water District, Evangeline Parish, Louisiana is organized and operated on a fund basis whereby a self-balancing set of accounts (Proprietary Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

Basis of Accounting

A proprietary fund is used to account for the operation of the water system.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Proprietary 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

REDDELL-VIDRINE WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, CONTINUED

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.

Depreciation of all exhaustible fixed assets used by Proprietary Funds is charged as an expense against their operations, accumulated depreciation is reported on Proprietary Fund Balance Sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Water System	50 Years
Wells	50 Years
Meters	50 Years
Line Extensions	50 Years
Equipment	5-10 Years

NOTE B - PROPERTY, PLANT, AND EQUIPMENT

A summary of Proprietary Fund Type property, plant, and equipment at December 31, 1999 follows:

Land	\$ 24,500
Equipment	42,409
Water System	<u>618,242</u>
Total	\$ 685,151
Less: Accumulated Depreciation	<u>(202,885)</u>
Net	<u>\$ 482,266</u>

NOTE C - PROPRIETARY FUND DEBT

FHA Note #1:

\$250,000 of Water Revenue Bonds, Series 1969, bearing interest at the rate of 5% per annum payable annually on January 1st of each year.

The annual requirement to amortize this debt outstanding as of December 31, 1999 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2000	\$ -0-
2001	9,000
2002	10,000
2003	10,000
2004	11,000
2005-2009	<u>62,000</u>
Total	<u>\$102,000</u>

REDDELL-VIDRINE WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, CONTINUED

FHA Note #2

\$25,000 of Water Revenue Bonds, Series 1974, bearing interest at the rate of 5% per annum payable annually on January 1st of each year.

The annual requirements to amortize this debt outstanding at December 31, 1999 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2000	\$ -0-
2001	500
2002	500
2003	500
2004	1,000
2005-2014	<u>10,000</u>
Total	<u>\$12,500</u>

FHA Note #3:

\$225,000 Water Revenue Bonds, Series 1998, bearing interest at the rate of 4 3/4% per annum. Payments of \$1,057.50 will be due on the 11th day of each month beginning June 11, 1999 through May 11, 2038. As of December 31, 1999, \$147,883 of the \$225,000 bond issue had been advanced to the District.

The annual requirements to amortize this debt are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2000	\$ 2,104
2001	2,206
2002	2,313
2003	2,426
2004	2,543
2005-2038	<u>212,226</u>
Total	<u>\$223,818</u>

REDELL-VIDRINE WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, CONTINUED

NOTE D - SCHEDULE OF COMPENSATION PAID TO COMMISSIONERS

<u>Name of Commissioner</u>	<u>Amount</u>
James B. Deshotel	\$1,200
Bobby Deville	600
Kyle Fontenot	500
Shane LaFleur	50
Willie Spears	600
Fred Deshotel	200
Scott Deshotels	<u>450</u>
Total	<u>\$3,600</u>

NOTE E - COLLATERALIZATION OF CASH

All cash was insured by FDIC insurance at December 31, 1999.

NOTE F - LITIGATION

In the opinion of the District's attorney, the claims and potential claims against the District not covered by insurance would not materially affect the Financial Statements of the District.

NOTE G - STATEMENT OF CASH FLOWS

The statement of cash flows included in the accompanying component unit financial statements presents cash and cash equivalents at the beginning and end of the period. Cash equivalents are defined as short-term, highly liquid investments that are both:

- a. Readily convertible to known amounts of cash.
- b. So near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

A statement of cash flows focuses on cash receipts and cash payments resulting from operating, non capital financing, capital and related financing, or investing activities.

Operating activities generally result from providing services and producing and delivering goods, and include all transactions and other events that are not defined as investing activities. Cash flows from operating activities generally are the cash effects of transactions and other events that enter into the determination of operating income.

Non capital financing activities include borrowing money for purposes other than to acquire, construct, or improve capital assets and repaying

REDDELL-VIDRINE WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, CONTINUED

those amounts borrowed, including interest. This category includes proceeds from all borrowings (such as revenue anticipation notes) not clearly attributable to acquisition, construction or improvement of capital assets, regardless of the form of the borrowing. Also included are certain other interfund and intergovernmental receipts and payments.

Capital and related financing activities include (a) acquiring and disposing of capital assets used in providing services or producing goods, (b) borrowing money for acquiring, constructing, or improving capital assets and repaying the amounts borrowed, including interest, and (c) paying for capital assets obtained from vendors on credit.

Investing activities include making and collecting loans and acquiring and disposing of debt or equity instruments.

**NOTE H - REQUIRED DEPOSITS INTO SINKING, RESERVE FUNDS, AND DEPRECIATION  
AND CONTINGENCY FUNDS**

The District did not make required monthly deposits into its Sinking, Reserve, and Depreciation and Contingency Funds at the beginning of the year as required by its bond agreements with Rural Development (formerly Farmers Home Administration). Management was not aware of this requirement.

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## 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  
Reddell-Vidrine Water District  
Ville Platte, Louisiana

I have audited the financial statements of Reddell-Vidrine Water District, Evangeline Parish, Louisiana as of and for the year ended December 31, 1999, and have issued my report thereon dated June 21, 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 Reddell-Vidrine Water District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings as item 1999-2.

### Internal Control Over Financial Reporting

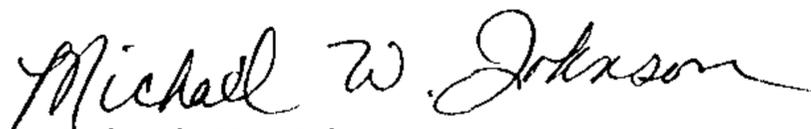
In planning and performing my audit, I considered Reddell-Vidrine Water District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control

over financial reporting that, in my judgment, could adversely affect Reddell-Vidrine Water District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 1999-1, 1999-2.

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 financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I consider item 1999-2 to be a material weakness.

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



Michael W. Johnson  
Certified Public Accountant

Eunice, Louisiana  
June 21, 2000

**REDDELL-VIDRINE WATER DISTRICT**  
**SCHEDULE OF FINDINGS**  
**For the Year Ended December 31, 1999**

I have audited the financial statements of Reddell-Vidrine Water District, Evangeline Parish, Louisiana as of and for the year ended December 31, 1999, and have issued my report thereon dated June 21, 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. My audit of the financial statements as of December 31, 1998 resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

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

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

**Section II Financial Statement Findings**

**1999-1. Inadequate Segregation of Duties**

Finding: The segregation of duties is inadequate to provide effective internal control.

Cause: The condition is due to economic and space limitations.

Recommendation: No action is recommended.

**1999-2. Failure to Make Required Monthly Sinking, Reserve, and Depreciation and Contingency Fund Deposits**

Finding: The District did not make monthly deposits into the Sinking, Reserve, and Depreciation and Contingency Funds as required by its bond agreements with Rural Development (formerly Farmers Home Administration).

Cause: Management was not aware of this requirement.

Recommendation: Management should make monthly deposits into its Sinking, Reserve, and Depreciation and Contingency Fund as required by its bond agreements with Rural Development (formerly Farmers Home Administration). Management began making these deposits during 1999.

REDDELL-VIDRINE WATER DISTRICT  
SCHEDULE OF PRIOR YEAR FINDINGS  
For the Year Ended December 31, 1999

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

1998-1. Inadequate segregation of duties.	No action recommended.
1998-2. Failure to make required monthly sinking, reserve, and depreciation and contingency fund deposits.	See Finding 1999-2.
1998-3. Audit not timely completed.	Resolved.

REDDELL-VIDRINE WATER DISTRICT  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
For the Year Ended December 31, 1999

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT

1999-2. Failure to Make Required  
Monthly Sinking, Reserve, and  
Depreciation and Contingency Fund  
Deposits:

Management should make required  
monthly deposits.

Management has begun making required  
monthly deposits into its Sinking,  
Reserve, and Depreciation and Contingency Funds.