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**MOUNT OLIVE WATERWORKS DISTRICT  
Lincoln Parish, Louisiana**

**Compiled Financial Statement**

**Year Ended December 31, 1999**

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

Release Date 8-30-00

MOUNT OLIVE WATERWORKS DISTRICT  
LINCOLN PARISH, LOUISIANA

COMPILED FINANCIAL STATEMENTS  
For the Year Ended December 31, 1999

C O N T E N T S

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# Bobby Gray

CERTIFIED PUBLIC ACCOUNTANT

• *Accounting Services*

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*American Institute of Certified Public Accountants • Society of Louisiana Certified Public Accountants*

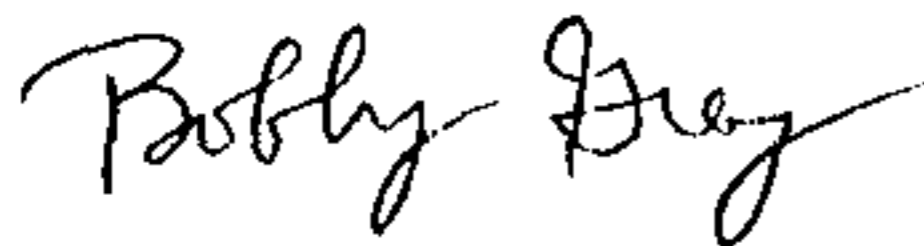
To the Board of Commissioners of the  
Mount Olive Waterworks District  
Lincoln Parish, Louisiana

I have compiled the accompanying balance sheets of the Mount Olive Waterworks District, as of and for the year ended December 31, 1999, and the related Statement of Revenues, Expenses, and Changes in Retained Earnings, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report, dated June 23, 2000 on the results of our agreed-upon procedures.

June 23, 2000



Certified Public Accountant

## **FINANCIAL STATEMENTS**

STATEMENT A

MOUNT OLIVE WATERWORKS DISTRICT  
Lincoln Parish, Louisiana

BALANCE SHEET-PROPRIETARY FUND TYPE-ENTERPRISE FUND  
December 31, 1999

**ASSETS**

Current assets:

Cash	\$13,182
Accounts receivable	9,108
Less: Allowance for doubtful accounts	(1,014)

Total current assets 21,276

Non-current assets:

Land	5,000
Water distribution system	268,929
Furniture & fixtures	4,731
Less: accumulated depreciation	(116,240)

Total non-current assets 162,420

**TOTAL ASSETS**

\$183,696

**LIABILITIES AND FUND EQUITY**

Current liabilities:

Customer deposits	10,535
Payroll liabilities	1,300
Interest payable	157

Total current liabilities 11,992

Long-term liabilities:

Notes payable	25,309
Bonds payable	71,672

Total long-term liabilities 96,981

Total liabilities

108,973

Fund equity:

Retained earnings (deficit)	74,723
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Total fund equity 74,723

**TOTAL LIABILITIES AND FUND EQUITY**

\$183,696

See accountant's compilation report and accompanying notes.

**STATEMENT B****MOUNT OLIVE WATERWORKS DISTRICT  
Lincoln Parish, Louisiana****Statement of Revenues, Expenses, and Changes In  
Retained Earnings-Proprietary Fund Type  
Enterprise Fund  
For the Year Ended December 31, 1999****REVENUES:**

Water Sales	\$77,677
Installation Charges	1,494
Interest Income	181
Miscellaneous Income	258

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79,610

**OPERATING EXPENSES:**

Administrative Expenses	7,000
Auto and Truck Expense	614
Bank Service Charges	139
Computer Services	5,500
Depreciation Expense	3,792
Employment Taxes	1,236
Equipment Rentals	173
Insurance	1,542
Miscellaneous Expense	881
Office Supplies	1,412
Operating Supplies	3,318
Outside Labor/Services	2,812
Payroll Expenses	7,093
Postage and Delivery Expense	1,313
Professional Services	6,900
Rent Expense	2,100
System Maintenance	6,647
Telephone Expense	766
Bad Debt Expense	1,014
Utilities	6,253
Water Purchases	972
Sales Tax Expense	4,239

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65,716

**NON-OPERATING EXPENSE:**

Interest Expense	9,200
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74,916

**TOTAL OPERATING AND NON-OPERATING EXPENSES**

NET INCOME	4,694
RETAINED EARNINGS-(DEFICIT)-BEGINNING OF YEAR	70,029

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<b>RETAINED EARNINGS-(DEFICIT)-END OF YEAR</b>	<b>\$74,723</b>
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See accountant's compilation report and accompanying notes.

**STATEMENT C**

**MT. OLIVE WATERWORKS DISTRICT  
Lincoln Parish, Louisiana**

**STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 1999**

**Cash flows from operating activities:**

Operating income(loss)	\$4,694
<hr/>	
Adjustments to reconcile operating income(loss) to net cash	
Depreciation expense	3,792
Decrease in accounts receivable	1,014
Decrease in accounts payable	(2,920)
<hr/>	
Total adjustments	1,886
<hr/>	
Net cash provided by operating activities	6,580
<hr/>	
Net increase in cash	6,580
Cash at beginning of year	6,602
<hr/>	
Cash at end of year	\$13,182
<hr/> <hr/>	

See accountant's compilation report and accompanying notes.

MOUNT OLIVE WATERWORKS DISTRICT  
LINCOLN PARISH, LOUISIANA  
Notes to the Financial Statements

For the Year Ended December 31, 1999

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mount Olive Waterworks District is component unit of the Police Jury of Lincoln Parish. The District was created by Ordinance No. 312 dated September 14, 1965, to provide water services to residents within the District. The District is governed by a Board of five Commissioners. The Board of Commissioners of the District have absolute control and authority over the waterworks in the District. The Commissioners meet at least once every sixty days. The Commissioners serve without compensation.

A. Basis of Accounting

The Mount Olive Waterworks District accounts for its financial position and results of operations in accordance with generally accepted accounting principles (GAAP) applicable to governmental units. The District has only one fund, the proprietary fund. Proprietary fund types are used to account for activities conducted on a fee for services basis in a manner similar to commercial enterprise accounting.

B. Fixed Assets and Long-Term Liabilities

The Proprietary Fund is accounted for on a cost of service or capital maintenance measurement. This means that all assets and all liabilities (whether current or non-current) associated with its activity are included on its balance sheets. The reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by the Proprietary Fund is charged as an expense against its operations. Accumulated Depreciation is reported on the fund balance sheet. Depreciation has been recognized over an estimated useful life utilizing the straight-line method. Estimated useful lives are as follows:

Water Systems	-	25 years
Equipment	-	7 years



MOUNT OLIVE WATERWORKS DISTRICT  
 LINCOLN PARISH, LOUISIANA  
 Notes to the Financial Statements

C. Inventories

Inventory is valued at the lower of cost or market on a first-in, first-out basis. At December 31, 1999 there was no inventory on hand.

NOTE 2. CASH

Cash consisted of demand deposits of \$ 13,182 at December 31, 1999. 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 is sufficient to secure these deposits. The cash balance at December 31, 1999 was fully secured by Federal Deposit Insurance.

NOTE 3. ACCOUNTS RECEIVABLE

At December 31, 1999, the District's accounts receivables for water services totalled \$9,108. An allowance for uncollectible receivables was \$ 1,014 was shown at December 31, 1999.

NOTE 4. PROPERTY, PLANT AND EQUIPMENT

A summary of proprietary fund type property, plant and equipment as of December 31, 1999 follows:

	<u>1999</u>
Water System/ Equipment	268,929
Furniture and Fixtures	4,731
Land	<u>5,000</u>
Sub-total	<b>278,660</b>
Less: Accum. Depreciation	<u>(116,240)</u>
<b>TOTAL</b>	<b><u>\$162,420</u></b>

No records of fixed assets were kept for the period 1965 through 1990. The initial cost of the waterworks system was determined by the Farmer's

MOUNT OLIVE WATERWORKS DISTRICT  
 LINCOLN PARISH, LOUISIANA  
 Notes to the Financial Statements

Home Administration. It was placed in service in 1967. All other capital expenditures were reviewed and capitalized when appropriate.

NOTE 5. LONG-TERM DEBT

The long-term obligations of the Mount Olive Waterworks District consist of a Revenue Promissory Note dated October 26, 1966, and a Water Revenue Bond with the Farmer's Home Administration which was dated January 23, 1992. The proceeds of the Bond Issue was used for improvements to the system.

1. Water Revenue Promissory Note principal amount \$81,000.00.

Ending Balance 12/31/98	Decrease	Balance At 12/31/99
\$ 28,318	\$ 3,009	\$ 25,309

Required annual principal and interest payments on the fully amortized promissory note as of December 31, 1999 for the five years following are:

<u>Year Ending</u>	<u>Amount</u>
2000	4,033
2001	4,033
2002	4,033
2003	4,033
2004	4,033
Thereafter	8,076
Total Obligation	28,241
Interest	2,932

MOUNT OLIVE WATERWORKS DISTRICT  
 LINCOLN PARISH, LOUISIANA  
 Notes to the Financial Statements

2. Water Revenue Bonds bear interest at 5 3/4% on principal \$77,200.

Ending Balance 12/31/98	Decrease	Balance 12/31/99
\$ 72,505	\$ 833	\$ 71,672

The District is required to establish and maintain a Bond Sinking Fund, a Reserve Fund, and a Contingency Fund. Required payments to the funds calls for \$ 414.56 per month; \$ 21.00 per month; and \$ 22.00 per month respectively.

NOTE 6. COMPENSATED ABSENCES

Vacation pay and sick leave are not accrued because they do not vest. They are expended when paid.

NOTE 7. INCOME TAXES

The District has tax-exempt status as a governmental organization.

NOTE 8. LITIGATION

.At December 31,1999, no litigation was pending involving the District.

# Robby Gray

CERTIFIED PUBLIC ACCOUNTANT

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• *Management Advisory Services*

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## ATTESTATION REPORT

Independent Accountant's Report  
on Applying Agreed-Upon Procedures

To the Board of Commissioners of the  
Mount Olive Waterworks District  
Lincoln Parish, Louisiana

I have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the Board of Commissioners of the Mount Olive Waterworks District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Mount Olive Waterworks District's compliance with certain laws and regulations during the year ended December 31, 1999 included in the accompanying *Louisiana Attestation Questionnaire*. 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 purpose for which this report has been requested or for any other purpose.

### *Public Bid Law*

1. Select all expenditures made during the years for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211 - 2251 (the public bid law).

In examining expenditures per the records of the Mount Olive Waterworks District for the year 1999, I found no expenditure which exceeded \$15,000 for materials and supplies nor any which exceeded \$100,000 for public works. Therefore, no problems were found which did not comply with the provisions of LSA-RS 38:2211 - 2251.

### *Code of Ethics for Public Officials and Public Employees*

2. Obtain from management a list of the immediate family members of each

commissioner as defined by LSA-RS 42:1101 - 1124 (the code of ethics), and a list of outside business interests of all commissioners and employees, as well as their immediate families.

Management provided me with the required list.

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

Management provided me with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2) .

### *Budgeting*

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

Management provided me with a copy of the original budget for 1999. There were no amendments to the budgets during the year.

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

I traced the adoption of the original budgets for the year to the minutes of meeting held on 11/30/98. The minutes did reflect that the budgets had been adopted by the commissioners of the Mount Olive Waterworks District by a unanimous vote. No amendments were made to the budget during the year.

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

I compared the revenues and expenditures of the final budget to actual revenues and expenditures for the year. Actual revenues and expenditures for 1999 did exceed budgeted amounts by more than 5%. In fact, the revenues exceeded budgeted expectations by approximately 28%, most of which was in the area of Water Sales. The actual expenditures exceeded expectations by approximately 23% primarily due to underestimation of some expenditure categories( Administrative Expense, Outside Labor, Rent Expense, and System Maintenance were underestimated by a significant percentage of the total budgeted expenditures. Additionally, Depreciation expense was not recognized in the budget but was actually \$3,792 and an extra note paid on long term debt was made in the fiscal year).

### *Accounting and Reporting*

8. Randomly select 6 disbursements made during each of the periods under

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

I examined supporting documentation for each of the six selected disbursements for 1999 and found that payment was for the proper amount and made to correct payees.

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

All of the payments were properly coded to the correct fund and general ledger account.

( ) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements yielded no authorization other than the signatures of the Commissioners. I asked management about this and they indicated that for budgeted, recurring items there was a general authorization to pay.

### *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).

I was not able to confirm that such notices were indeed posted and they were not outlined as agendas in the actual minutes. However, management has assured me that did comply with this requirement and delivered to me a written agenda for meetings held.

### *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 like indebtedness.

I inspected copies of all bank statements and deposit slips for the periods under examination and found no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

### *Advances and Bonuses*

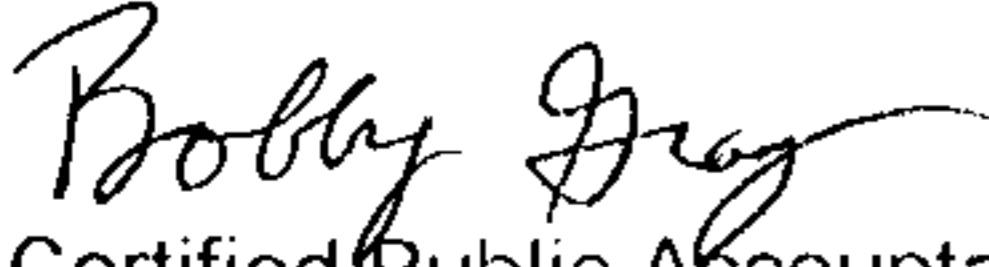
Examine payroll records and minutes of the district for the years to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes for the periods under examination and a review of payroll records showed no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

I was 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, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of Mount Olive Waterworks District 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.

  
Certified Public Accountant  
June 23, 2000

## **SUPPLEMENTAL INFORMATION**



**MT. OLIVE WATERWORKS DISTRICT  
LINCOLN PARISH, LOUISIANA**

**Status of Prior Year Findings**

**For the Year Ended December 31, 1999**

**SEPARATE BANK ACCOUNTS -** The District was required to establish and maintain separate bank accounts for the following funds: (1) Bond Sinking Fund, (2) Reserve Fund, and (3) Contingency Fund. The District established the required funds some years ago and has made the required deposits of \$414.56 to the Sinking Fund, but has not made the \$ 21.00 per month to the Reserve Fund (until it accumulates to \$ 4,974.72) nor the \$ 22.00 per month to the Contingency Fund. The District did make the equivalent of 6 monthly deposits to each of these funds in August of 1999, but the matter remains unresolved.

Mt. Olive Waterworks District  
P. O. Box 585  
Grambling, LA 71245  
318/247-6167

June 9, 2000

Dr. Daniel G. Kyle, CPA, CFE  
Legislative Auditor  
State of Louisiana  
Baton Rouge, LA 70804-9397

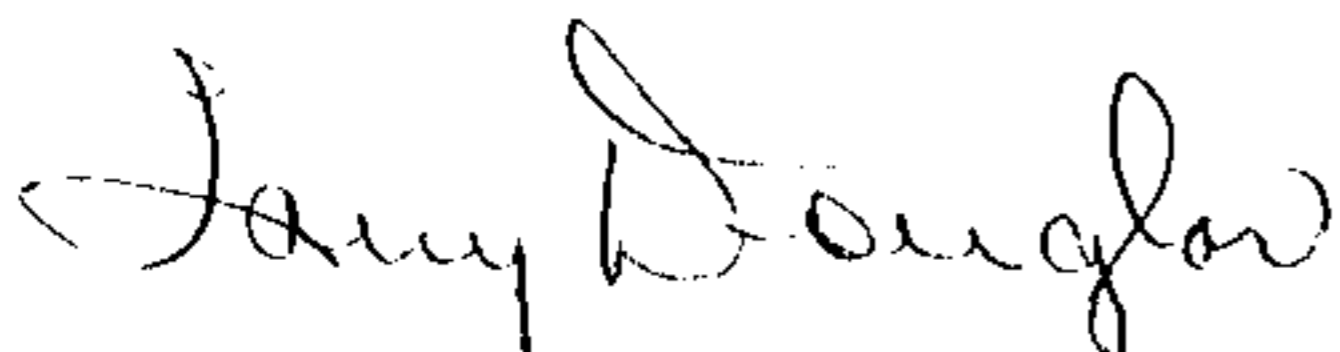
**Re: CORRECTIVE ACTION RESPONSE TO OUR PLAN OF ACTION SET FORTH  
IN OUR CORRESPONDENCE TO YOU DATED JUNE 9, 2000**

Dear Dr. Kyle:

Due to our financial situation caused by demands of Y2K and major well problems, we have not been able to make the required payment to our contingency and reserve fund accounts. Therefore, with these problems resolved, we will continue to make payments as directed.

Sincerely,

Mt. Olive Waterworks District  
Board of Commissioners



Larry Douglas, President

**LOUISIANA ATTESTATION QUESTIONNAIRE  
(For Attestation Engagements of Government)**

June 9, 2000 (Date Transmitted)

Bobby Gray CPA  
P.O. Box 1213  
Grambling, LA 71245  
\_\_\_\_\_  
(Auditors)

In connection with your compilation of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

**Public Bid Law**

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..

Yes  No

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes  No

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes  No

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes  No

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes  No

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes  No

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.  
Yes [X] No [ ]

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [X] No [ ]

**Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [X] No [ ]

**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [X] No [ ]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

*Vera M. Burks* Secretary June 9, 2000 Date

\_\_\_\_\_  
Treasurer \_\_\_\_\_ Date

*Larry Douglas* President June 9, 2000 Date