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**Water Works District No. 1
of the Parish of Avoyelles**

**Annual Financial Statements
Year ended June 30, 1999**

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 _____

DEC 2 2 1999

Waterworks District No. 1 of the Parish of Avoyelles
Annual Financial Statements
Year ended June 30, 1999

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INDEPENDENT AUDITOR'S REPORT

To the President and Members of the Board of Commissioners
Waterworks District No.1 of the Parish of Avoyelles
Bordelonville, Louisiana

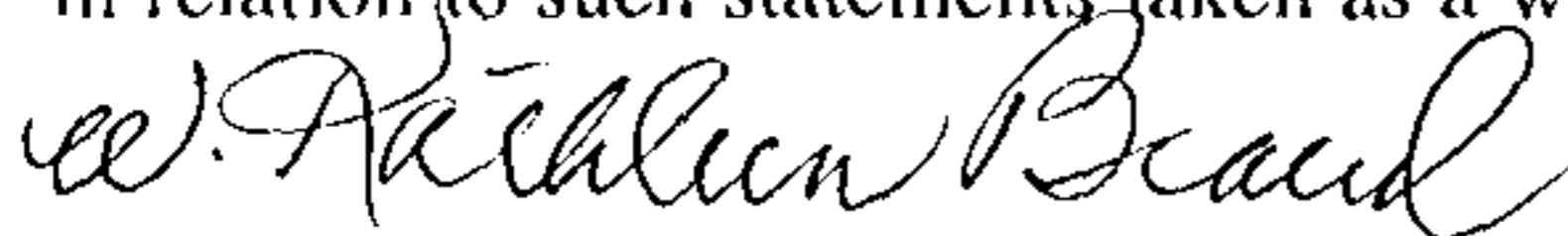
I have audited the accompanying general purpose financial statements of the Waterworks District No.1 of the Parish of Avoyelles, a component unit of the Avoyelles Parish Police Jury, as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

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. 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 evaluation 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 the Waterworks District No.1 of the Parish of Avoyelles as of June 30, 1999, 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.

In accordance with *Government Auditing Standards*, I have also issued a report dated November 9, 1999 on my consideration of Waterworks District No.1 of the Parish of Avoyelles' internal control structure and on its compliance with laws and regulations.

My audit was made for the purpose of forming and opinion on the financial statements taken as a whole. The accompanying financial information listed as "Schedules" 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.1 of the Parish of Avoyelles. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to such statements taken as a whole.



W. Kathleen Beard
November 9, 1999

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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 President and Members of the Board of Commissioners
Waterworks District No. 1 of the Parish of Avoyelles
Bordelonville, Louisiana 71320

I have audited the general purpose financial statements of the Waterworks District No. 1 of the Parish of Avoyelles, as of and for the year ended June 30, 1999, and have issued my report thereon dated November 9, 1999. I have 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 the Waterworks District No. 1 of the Parish of Avoyelles' general purpose 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Waterworks District No. 1 of the Parish of Avoyelles' internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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 general purpose 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 over financial reporting and its operation that I consider to be a material weakness.

This report is intended for the information of the president, members of the Board of Commissioners and the management of Waterworks District No. 1 of the Parish of Avoyelles and the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "W. Kathleen Beard". The signature is written in black ink and is positioned above the typed name.

W. Kathleen Beard
Certified Public Accountant
November 9, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS

	1999	1998
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
Payable from Current Assets:		
Accounts payable	\$5,911	\$5,124
Payroll taxes payable	1,469	1,439
Sales tax payable	741	796
	-----	-----
Total Payable from Current Assets	8,121	7,359
Payable from Restricted Assets:		
Customer deposits	31,676	29,651
Accrued interest payable	6,020	6,489
Revenue bonds payable - current portion	21,000	20,000
	-----	-----
Total Payable from Restricted Assets	58,696	56,140
	-----	-----
Total Current Liabilities	66,817	63,498
LONG - TERM LIABILITIES		
Revenue bonds payable	236,000	257,000
	-----	-----
Total Long - term Liabilities	236,000	257,000
	-----	-----
Total Liabilities	302,817	320,498
FUND EQUITY		
Contributed Capital:		
State grant	50,000	50,000
Other contributed capital	12,925	12,925
Less Amortization	(40,583)	(39,226)
	-----	-----
Net Contributed Capital	22,342	23,699
Retained Earnings:		
Reserved for Revenue bond retirement	32,216	31,096
Reserved for revenue bond contingency and equipment	75,900	65,227
Unreserved	307,052	280,235
	-----	-----
Total Retained Earnings	415,168	376,558
	-----	-----
Total Fund Equity	437,510	400,256
	-----	-----
TOTAL LIABILITIES AND FUND EQUITY	\$740,327	\$720,755
	=====	=====

Water Works District No. 1 of the Parish of Avoyelles
Bordelonville, Louisiana
Comparative Statement of Revenues, Expenses
and Changes in Retained Earnings
Years ended June 30, 1999 and 1998

Statement B

	1999	1998
OPERATING REVENUES		
Charges for services		
Water sales	\$216,238	\$211,707
Late charges	3,140	3,192
Tap fees	3,830	4,205
Miscellaneous	5,976	1,146
	-----	-----
Total operating revenues	229,185	220,250
OPERATING EXPENSES		
Salaries	60,546	55,958
Employees' health insurance premiums	1,520	972
Repairs, maintenance, chemicals, parts and supplies	28,853	33,140
Board fees	2,370	1,920
Professional fees	3,680	8,853
Utilities	30,431	31,580
Payroll taxes	6,224	5,258
Office supplies and postage	6,358	5,199
Insurance	12,596	11,891
Miscellaneous	1,766	1,995
Telephone	2,789	1,836
Depreciation	27,102	26,867
Fuel	2,665	3,369
Travel	786	825
Penalties and interest	72	0
	-----	-----
Total Operating Expenses	187,757	189,663
	-----	-----
OPERATING INCOME (LOSS)	41,428	30,587
NON-OPERATING REVENUES (EXPENSES)		
Interest revenue	8,515	7,763
Gain on sale of fixed assets	0	63
Interest expense	(12,689)	(13,499)
	-----	-----
Total Non-operating Revenues (Expenses)	(4,174)	(5,673)
	-----	-----
NET INCOME (LOSS)	37,254	24,914
Add depreciation on fixed assets acquired by grants, entitlement, and shared revenues, externally restricted for capital acquisitions and construction that reduces contributed capital	1,356	1,356
RETAINED EARNINGS - BEGINNING	376,558	350,288
	-----	-----
RETAINED EARNINGS - ENDING	\$415,168	\$376,558
	=====	=====

The accompanying notes to the financial statements are an integral part of this statement.

Water Works District No. 1 of the Parish of Avoyelles
Bordelonville, Louisiana
Comparative Statement of Cash Flows
June 30, 1999 and 1998

Statement C

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$234,872	\$215,653
Cash payments to suppliers for goods and services	(98,394)	(110,264)
Cash payments to employees for services	(60,546)	(55,958)
	-----	-----
Net Cash Provided by (Used for) Operating Activities	75,932	49,431
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on bonds payable	(20,000)	(19,000)
Interest paid on bonds payable	(13,158)	(14,060)
Acquisition of capital assets	(2,421)	(35,117)
Sale of fixed assets	0	2,005
Increase/(decrease) construction payables	0	(23,246)
	-----	-----
Net Cash Used by Investing Activities	(35,579)	(89,418)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	8,947	7,730
(Increase) Decrease in Investments	(23,074)	(5,016)
	-----	-----
Net Cash Provided by (Used for) Investing Activities	(14,127)	2,714
	-----	-----
INCREASE (DECREASE) IN CASH	26,226	(37,273)
Cash and Cash Equivalents, Beginning of Year	96,936	134,209
	-----	-----
CASH AND CASH EQUIVALENTS, END OF YEAR	\$123,162	\$96,936
	=====	=====
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	\$41,428	\$30,587
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation	27,102	26,867
Net Change in Assets and Liabilities -		
(Increase) Decrease in accounts receivable	3,663	(6,371)
(Increase) Decrease in inventory	1,527	1,596
(Increase) Decrease in prepaid expense	(575)	(4,687)
Increase (Decrease) in accounts payable	787	(564)
Increase (Decrease) in payroll taxes payable	30	67
Increase (Decrease) in sales tax payable	(55)	162
Increase (Decrease) in customer security deposits	2,025	1,774
	-----	-----
Total Adjustments	34,504	18,844
	-----	-----
Net cash provided by (used for) operating activities	\$75,932	\$49,431
	=====	=====

The accompanying notes to the financial statements are an integral part of this statement.

Waterworks District No. 1 of the Parish of Avoyelles
Notes to the Financial Statements
June 30, 1999

Introduction

The Waterworks District No. 1 of the Parish of Avoyelles was created on February 5, 1969 by the Avoyelles Parish Police Jury. The "District" operates under a president-board form of government whose appointments are made by the Avoyelles Parish Police Jury.

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accounting and reporting practices of the Waterworks District No. 1 of the Parish of Avoyelles conform to generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517, to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit, *Audits of State and Local Governmental Units* published by the American Institute of Certified Public Accountants. As allowed in Section P80 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the District has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989.

B. Reporting Entity

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the reporting entity, for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes: (1) appointing a voting majority of an organization's governing body, and the ability of the police jury to impose its will on that organization, and/or 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; and (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.

Waterworks District No. 1 of the Parish of Avoyelles
Notes to the Financial Statements
June 30, 1999

1. Summary of Significant Accounting Policies (Continued)

B. Reporting Entity (Continued)

Because the Avoyelles Parish Police Jury appoints the governing board and because of the scope of public service, the District is deemed to be a component unit of the Avoyelles Parish Police Jury, the governing body of the parish and the governmental body with oversight responsibility. 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 governmental reporting entity.

C. Fund Accounting

The District is organized and operated on the basis of funds whereby a separate self - balancing set of accounts (Enterprise Fund) is maintained that comprise its assets, liabilities, fund equity, revenue and expense. 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 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. The enterprise fund is used to account for water services provided to the residents and businesses within the District and the \$560,000 issue of revenue bonds dated July 11, 1969.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. 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 is included on the balance sheet. The Enterprise fund, as reported in the accompanying financial statements has been reported on the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when they are incurred.

E. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash on hand and all restricted and unrestricted cash in banks (demand deposits, interest-bearing demand deposits and money market accounts) and highly liquid investments, having a maturity of three months or less when purchased are considered to be cash equivalents.

Waterworks District No. 1 of the Parish of Avoyelles
Notes to the Financial Statements
June 30, 1999

I. Summary of Significant Accounting Policies (Continued)

F. Investments

Investments at June 30, 1999 are stated at cost which approximates market.

G. Inventories

Inventories consist of parts and materials and are recorded as an expense when consumed. Inventories are valued at the lower of cost, utilizing the first in - first out method of valuation, or market.

H. Restricted Assets

Certain proceeds of the District as revenue bonds, as well as certain resources set aside for their payment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Under the terms of the bond indenture all of the income and revenues *earned by the District from the operations of the waterworks system, must be deposited in the System Fund. Monies in the System Fund shall be first used for the payment of all reasonable and necessary expenses of operating and maintaining the system. By the 20th day of each month, 1/2th of the next maturing revenue bond and interest installment must be transferred from the System Fund into the Amortization Fund.*

Under the terms of the bond indenture, transfers should also be made to the Reserve Fund in an amount equal to 5% of the amount transferred into the Amortization Fund until there is on deposit an amount equal to \$33,000. There shall also be deposited \$230 per month into the Depreciation and Contingency Fund.

I. Fixed Assets

The cost of property, plant and equipment, including significant betterments to existing facilities and infrastructure is recorded in the enterprise fund on its balance sheet. Interest costs incurred during construction are capitalized. Depreciation of all exhaustible fixed assets are charged as an expense against operations and has been computed under the straight - line method based on the estimated useful lives of the individual assets. Estimated useful lives are as follows:

Distribution system	50 years
Storage tanks	40 years
Pumping stations and buildings	20 years
Other Equipment	3 - 10 years

Waterworks District No. 1 of the Parish of Avoyelles
Notes to the Financial Statements
June 30, 1999

1. Summary of Significant Accounting Policies (Continued)

I. Fixed Assets (Continued)

All fixed assets are stated at historical cost. Donated assets are valued at their estimated fair value on the date donated.

For the fiscal year ended June 30, 1999, there were no interest charges capitalized on fixed assets acquired or constructed.

J. Compensated Absences

The District has adopted a policy for paid vacation and sick leave for all full time employees. After one full year of service, an employee is granted 14 days vacation and seven days sick leave. Unused vacation leave is lost at the end of the calendar year. Employees hired before June 30, 1996 are allowed to carryforward any unused vacation leave as of that date, however, vacation leave earned after that date is noncumulative. Sick leave may be accumulated indefinitely. At June 30, 1999, the amount of unused paid leave is immaterial, therefore, no accrual for compensated absences have been made in these financial statements.

K. Long - Term Liabilities

Long - term liabilities are recognized within the Enterprise Fund.

L. Fund Equity

Contributed Capital - Grants, entitlement, or shared revenues received that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired from such contributions. This depreciation is closed to the contributed capital account and is reflected as an adjustment to net income.

Reserves - Reserves represent those portions of fund equity legally segregated for a specific future use.

Waterworks District No. 1 of the Parish of Avoyelles
Notes to the Financial Statements
June 30, 1999

2. Cash and Investments

Under state law the District may deposit funds in demand deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At June 30, 1999, the book balances of the District's deposits was \$123,097 and the bank balances were \$ 126,891.

State law requires that these deposits be insured by federal depository insurance or secured by the pledge of securities owned by the fiscal agent bank in an amount at least equal to the bank balance of the deposits. At June 30, 1999, the bank balance was covered by federal depository insurance in the amount of \$100,000 and the remaining balance of \$26,891 was secured by deposit collateral consisting of pledged securities having a market value of \$166,406, held in the fiscal agent bank's name (Risk Category 3).

Investments -

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days.

The District holds investments in certificates of deposit having a bank and book balance of \$121,015 of which, all was covered by federal depository insurance.

3. Accounts Receivable

At June 30, 1999, accounts receivable from customers is comprised of the following:

	1999	1998
Current Billing	\$ 18,736	\$ 21,133
Past due	649	419
	19,385	21,552
Unbilled receivables	8,344	9,839
	\$ 27,729	\$ 31,391

4. Plant and Equipment -

The following is a summary of the changes in property, plant and equipment :

	Balance 7/1/98	Additions	Deletions	Balance 6/30/99	Accumulated Depreciation	Book Value 6/30/99
Land	\$ 6,800	\$ 0	\$ 0	\$ 6,800	\$ 0	\$ 6,800
Building	15,293	0	0	15,293	5,094	10,200
Plant & equipment	949,842	2,421	0	952,263	520,765	431,498
	\$ 971,935	\$ 2,421	\$ 0	\$ 974,356	\$ 525,859	\$ 448,498

Waterworks District No. 1 of the Parish of Avoyelles
Notes to the Financial Statements
June 30, 1999

5. Bonds Payable

The following is a summary of transactions occurring during the year related to the revenue bond issue:

Long- term liabilities at June 30, 1998	\$ 277,000
Additions	0
Deductions	<u>(20,000)</u>
Long - term liabilities at June 30, 1999	<u>\$ 257,000</u>

The annual requirements to amortize all long - term debt as of June 30, 1999 scheduled as follows, including interest payments at 4.75% totaling \$71,440:

Year ending <u>June 30,</u>	Revenue Bonds & Interest Maturity
2000	\$ 33,207
2001	33,210
2002	33,165
2003	33,073
2004	32,933
2005 - 2009	<u>162,853</u>
	<u>\$ 328,441</u>

6. Retirement Commitments

Employees of the District are members of the social security retirement system. The District has no further liability for retirement commitments.

7. Litigation and Claims

At June 30, 1999 the District was not involved in litigation or is aware of any unasserted claims.

Waterworks District No. 1 of the Parish of Avoyelles
Notes to the Financial Statements
June 30, 1999

8. Year 2000 Issues (Unaudited)

The Year 2000 Issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

The Town has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 Issue and that are necessary to conducting the District's operations. Based on this inventory, the District is in the remediation stage in that bid specifications have been drawn to purchase, from outside vendors, backup electric generating equipment believed to be Year 2000 compliant for the water system; equipment totaling approximately \$22,000 is on order . Testing and validation of the equipment will need to be completed.

Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the District is or will be year 2000 ready, that the District's testing and validation efforts will be successful in whole or in part, or that parties with whom the District does business will be year 2000 ready.

SUPPLEMENTARY INFORMATION

Water Works District No. 1 of the Parish of Avoyelles
Bordelonville, Louisiana
Schedule of Compensation Paid Board Members
For the Year ended June 30, 1999

Schedule 1

The schedule of per diem paid to board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

Board Member	Amount
Shelby Laborde	\$420
Marilyn B. Coco	600
James Armand	460
David Bordelon	640
Peter Lemoine	250

Total	\$2,370
	=====

Water Works District No. 1 of the Parish of Avoyelles
 Bordelonville, Louisiana
 Schedule of Changes in Assets Restricted
 For Revenue Bond Debt Retirement
 For the Year ended June 30, 1999

Schedule 2

	Amortization Fund	Reserve Fund	Depreciation Fund	Total
Cash balance at June 30, 1998	\$19,835	\$37,749	\$65,227	\$122,811
Cash Receipts:				
Transfers from Operating	32,235	0	7,020	39,255
Interest earned on invested funds	565	2,010	3,653	6,227
Total Cash Available	52,635	39,759	75,900	168,293
Cash Disbursements:				
Bond principal payments	20,000	0	0	20,000
Bond interest payments	13,158	0	0	13,158
Water system improvements	0	0	0	0
Total Disbursements	33,158	0	0	33,158
Cash balance at June 30, 1999	\$19,477	\$39,759	\$75,900	\$135,136

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Waterworks District No 1 of the Parish of Avoyelles.
2. No reportable conditions were disclosed during the audit of the general purpose financial statements in the report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the general purpose financial statements of the Waterworks District No 1 of the Parish of Avoyelles were disclosed during the audit.

B. Findings - Financial Statements Audit

There were no findings.

A. Internal Control and Compliance Material to the Financial Statements

There were no findings.

B. Management Letter

No management letter was issued.