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TREMONT WATERWORKS DISTRICT

FINANCIAL REPORT

JUNE 30, 1999

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Release Date DEC 29 1999

FINANCIAL REPORT

JUNE 30, 1999

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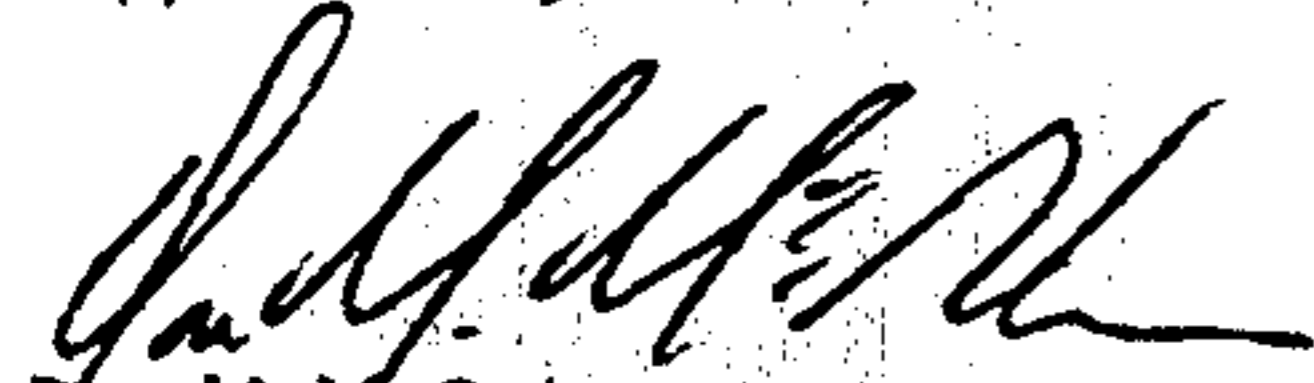
ACCOUNTANT'S COMPILATION REPORT

Wayne McNabb, President
Tremont Waterworks District
706 Pleasant Grove Road
Choudrant, Louisiana 71227

I have compiled the accompanying general purpose financial statements of the Tremont Waterworks District, a component unit of the Lincoln Parish Police Jury, as of and for the years ended June 30, 1999 and 1998, as listed in the table of contents, 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. 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.

The required supplementary information in Note 6 on the Year 2000 Issue is not a required part of the general purposes financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have compiled Note 6 on the Year 2000 Issue from information that is the representation of management of Tremont Waterworks District, without audit or review. Accordingly, I do not express an opinion or any other form of assurance on the supplementary information.



Don M. McGehee
Certified Public Accountant
October 18, 1999

**IREMONT WATERWORKS DISTRICT
BALANCE SHEETS
AS OF JUNE 30, 1999 AND 1998**

	<u>1999</u>	<u>1998</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 28,307	\$ 12,714
Accounts Receivable	4,002	2,035
TOTAL CURRENT ASSETS	<u>32,309</u>	<u>14,749</u>
RESTRICTED ASSETS		
Cash	1,944	6,925
TOTAL RESTRICTED ASSETS	<u>1,944</u>	<u>6,925</u>
PLANT AND EQUIPMENT - NET OF ACCUMULATED DEPRECIATION OF \$18,270 AND \$8,702	<u>337,523</u>	<u>347,091</u>
TOTAL ASSETS	<u>\$ 371,776</u>	<u>\$ 368,765</u>
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
Accounts Payable	\$ 847	\$ 901
Sales Tax Payable	84	869
TOTAL CURRENT LIABILITIES	<u>931</u>	<u>1,770</u>
CURRENT LIABILITIES (Payable from Restricted Assets)		
Current Maturities of Long-Term Debt	1,249	303
Accrued Interest Payable	489	2,223
TOTAL CURRENT LIABILITIES - From Restricted Assets	<u>1,738</u>	<u>2,526</u>
LONG-TERM DEBT (Less Current Maturities)	<u>129,448</u>	<u>130,697</u>
TOTAL LIABILITIES	<u>132,117</u>	<u>134,993</u>
FUND EQUITY		
Contributed Capital - Government	236,000	228,405
Retained Earnings		
Reserved for Revenue Bond Renewal and Replacement	704	320
Unreserved	2,955	5,047
Total Retained Earnings	<u>3,659</u>	<u>5,367</u>
TOTAL FUND EQUITY	<u>239,659</u>	<u>233,772</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 371,776</u>	<u>\$ 368,765</u>

See accountant's compilation report, page 1.
The accompanying notes are an integral part of these financial statements.

TREMONT WATERWORKS DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
REVENUE		
Water Sales	\$ 35,421	\$ 27,532
Other Operating Revenue	600	1,600
TOTAL REVENUE	<u>36,021</u>	<u>29,132</u>
OPERATING EXPENSES		
Cost of Sales and Services	8,437	8,209
Advertising	0	30
Bank Charges	41	53
Bookkeeping	3,091	2,634
Contract Labor	2,400	1,600
Depreciation Expense	9,568	8,702
Dues	150	0
Insurance	200	200
Installation Expense	1,000	100
Legal & Accounting	4,400	0
Meter Reading	1,500	1,125
Office Supplies	183	238
Postage	64	164
Repairs & Maintenance	617	0
TOTAL EXPENSES	<u>31,651</u>	<u>23,055</u>
OPERATING INCOME	<u>4,370</u>	<u>6,077</u>
NONOPERATING INCOME (EXPENSES)		
Interest Income	170	0
Interest Expense	(6,248)	(6,036)
NONOPERATING EXPENSE	<u>(6,078)</u>	<u>(6,036)</u>
NET INCOME	(1,708)	41
RETAINED EARNINGS - BEGINNING	<u>5,367</u>	<u>5,326</u>
RETAINED EARNINGS - ENDING	<u>\$ 3,659</u>	<u>\$ 5,367</u>

See accountant's compilation report, page 1.
The accompanying notes are an integral part of these financial statements.

IREMONT WATERWORKS DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers and Users	33,269	27,966
Cash Payments for Goods and Services	<u>(22,137)</u>	<u>(13,452)</u>
Net Cash Provided by Operating Activities	<u>11,132</u>	<u>14,514</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Purchase of Fixed Assets	<u>0</u>	<u>(3,926)</u>
Net Cash Used in Investing Activities	<u>0</u>	<u>(3,926)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Construction of Asset	0	(211,347)
Interest Paid	(7,982)	(3,813)
Grant for Construction Received	7,595	219,440
Principal Payments on Long-Term Debt	(303)	0
Interest Income	<u>170</u>	<u>0</u>
Net Cash Used by Financing Activities	<u>(520)</u>	<u>4,280</u>
NET INCREASE (DECREASE) IN CASH	10,612	14,868
CASH AT BEGINNING OF YEAR	<u>19,639</u>	<u>4,771</u>
CASH AT END OF YEAR	<u>\$ 30,251</u>	<u>\$ 19,639</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	\$ 4,370	\$ 6,077
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	9,568	8,702
Changes in Assets and Liabilities Which Required or Provided Cash:		
(Increase) Decrease in Accounts Receivable	(1,967)	(2,035)
Increase (Decrease) in Accounts Payable	(54)	901
Increase (Decrease) in Sales Tax Payable	<u>(785)</u>	<u>869</u>
Net Cash Provided by Operating Activities	<u>\$ 11,132</u>	<u>\$ 14,514</u>

See accountant's compilation report, page 1.

The accompanying notes are an integral part of these financial statements.

**TREMONT WATERWORKS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Tremont Waterworks District was organized by the Lincoln Parish Police Jury October 8, 1991 for the purpose of constructing a waterworks system and providing such service to the residents in Tremont Waterworks District, Lincoln Parish. The district was altered and enlarged by the Lincoln Parish Police Jury August 22, 1995. All existing water distribution lines in the service area were abandoned and efforts to officially organize the Tremont Waterworks District were begun in April, 1996. On August 5, 1997 the construction of the system was substantially complete and the system was providing water service to its customers.

In April, 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental accounting and financial reporting standards. This codification is recognized as generally accepted accounting principles for state and local government. The accounting and reporting policies of the Tremont Waterworks District conform to these generally accepted accounting principles and the requirements of Louisiana Revised Statute 24:517 and to the guides set forth in the Louisiana Governmental Audit Guide and the industry audit guide, Audits of State and Local Governmental Units, published by the American Institute of Certified Public Accountants.

A. REPORTING ENTITY

For financial reporting purposes, in conformity with GASB Statement No. 14, the Tremont Waterworks District is a component unit of the Lincoln Parish Police Jury. For the purpose of this financial report, this component unit serves as the nucleus for its own financial reporting entity and issues separate financial statements.

B. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statement. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The financial records of the Tremont Waterworks District utilize the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The District applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations.

C. CASH AND INVESTMENTS

Cash and investments consist of interest bearing demand deposits. Under state law, the District may deposit funds in demand deposits, interest bearing deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Deposits are carried at cost which approximates market value.

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

See accountant's compilation report, page 1.

**TREMONT WATERWORKS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999**

D. RESTRICTED ASSETS

Certain resources that are set aside for the repayment of the Revenue Bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The following is a summary of the flow of funds and restrictions on use under the terms of the Water Revenue Bond agreement, dated March 7, 1997.

All of the income and revenues earned from the operation of the waterworks system, after payment of all reasonable and necessary expenses of operating and maintaining the system shall be administered in the following order of priority:

- (a) Money sufficient to pay the principal and interest due on an monthly installment shall be set aside in the Sinking Fund.
- (b) Upon completion of and acceptance of the waterworks improvements, an amount equal to 5% of the amount paid into the Sinking Fund must be deposited into the Tremont Reserve Fund until February 20, 1999. Beginning March 20, 1999, \$32 a month must be deposited into the Tremont Reserve Fund, until there is on deposit an amount equal to \$7,593.
- (c) Upon completion of and acceptance of the waterworks improvements, \$32 a month must be deposited into the Tremont Contingency Fund.

E. FIXED ASSETS

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

Office Equipment	5-10 years
Water Utility System	40 years

All fixed assets are stated at historical cost.

G. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect (1) the reported amounts of assets and liabilities, (2) disclosure of contingent assets and liabilities at the date of the financial statements, and (3) the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. COMPARITIVE DATA

Comparitive amounts for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**TREMONT WATERWORKS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999**

NOTE 2 - CASH AND INVESTMENTS

Cash consists of demand deposits. At June 30, 1999, the carrying amount of the District's deposits was \$30,251. The bank balance for the deposits was \$30,251. Of the bank balance, the entire amount was covered by federal depository insurance.

NOTE 3 - RESTRICTED ASSETS

Certain assets of the Tremont Waterworks District in the amount of \$1,944 have been restricted for debt service and repairs and maintenance of the water system.

NOTE 4 - PLANT AND EQUIPMENT

A summary of plant and equipment at June 30, 1999 and 1998 is as follows:

	<u>1999</u>	<u>1998</u>
Office Furniture and Equipment	\$ 3,926	\$ 3,926
Water System	<u>351,868</u>	<u>351,868</u>
Total	355,794	355,794
Less Accumulated Depreciation	<u>(18,270)</u>	<u>(8,702)</u>
Net	<u>\$ 337,524</u>	<u>\$ 347,092</u>

Depreciation Expense for the year ended June 30, 1999 and 1998 was \$9,568 and \$8,702, respectively.

In May, 1996, the Tremont Waterworks District signed a construction contract with Ates Construction to construct a water distribution system for approximately \$280,000. Engineering, legal, and other costs were expected to add an additional \$87,000 to the project. The District received loan approval (\$131,000 bond issue) and grant approval (\$236,000 grant) from the Rural Economic and Community Development to finance this project.

The construction project was completed during the year ended June 30, 1998, at a total cost of \$355,794.

Interest incurred during construction of \$1,542 was capitalized.

NOTE 5 - LONG-TERM DEBT

	<u>1999</u>	<u>1998</u>
Long-Term debt payable is comprised of the following debt instrument: \$131,000 Water Revenue Bonds, dated March 7, 1997, interest only payments due on March 7, 1998 and 1999 and due in monthly installments of \$663 beginning April 7, 1999 through March 7, 2037; interest at 4-7/8%	\$ 130,697	\$ 131,000
Less: Current Maturities	<u>(1,249)</u>	<u>(303)</u>
Long-Term Debt, Net of Current Maturities	<u>\$ 129,448</u>	<u>\$ 130,697</u>

See accountant's compilation report, page 1.

**TREMONT WATERWORKS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999**

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The annual debt service requirement to maturity for all debt outstanding as of June 30, 1999, including \$147,175 of interest, is as follows:

June 30, 2000	\$	7,593
June 30, 2001		7,593
June 30, 2002		7,593
June 30, 2003		7,593
June 30, 2004		7,593
June 30, 2005		<u>239,907</u>
Totals	\$	<u>277,872</u>

REQUIRED SUPPLEMENTARY INFORMATION:

NOTE 6 - YEAR 2000 ISSUE

The Tremont Waterworks District Management is aware of the Year 2000 issue and that it could affect the operations of the computer used by the management. There has been no formalized plan or budget adopted to deal with the year 2000 issue at this time.