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MOUNT OLIVE WATERWORKS DISTRICT
LINCOLN PARISH, LOUISIANA

COMPONENT UNIT FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994
WITH SUPPLEMENTAL INFORMATION

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 SEP 04 1996

MOUNT OLIVE WATERWORKS DISTRICT
LINCOLN PARISH, LOUISIANA

COMPONENT UNIT FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994

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- Accounting Services
- Tax Services

LOUIS R. BRADLEY
CERTIFIED PUBLIC ACCOUNTANT
(A Professional Corporation)

- Audit Services
- Computer Consultant

Phone: (318) 323-0192 • Fax (318) 323-0134 • P.O. Box 1188 • 141 DeSiard Street, Suite 300 • Monroe, LA 71210-1188

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Society of Arkansas Certified Public Accountants • Monroe Chamber of Commerce

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying component unit Balance Sheet of the Mount Olive Waterworks District, Lincoln Parish, Louisiana, a component unit of the Lincoln Parish Police Jury, as of December 31, 1995 and 1994 and the related Statement of Revenues, Expenses and Changes In Retained Earnings for the years ended, as listed in the table of contents. These component unit financial statements are the responsibility of the 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. 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 provide a reasonable basis for my opinion.

In my opinion, the Balance Sheet and related Statement of Revenues, Expenses and Changes In Retained Earnings referred to in the first paragraph presents fairly, in all material respects, the financial position of the Mount Olive Waterworks District, Lincoln Parish, Louisiana, a component unit of Lincoln Parish Police Jury, as of December 31, 1995 and 1994, and the results of its operations of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.



Louis R. Bradley
Certified Public Accountant
Incorporated

Monroe, Louisiana
August 2, 1996

COMPONENT UNIT FINANCIAL STATEMENTS

MOUNT OLIVE WATERWORKS DISTRICT
LINCOLN PARISH, LOUISIANA

BALANCE SHEET-PROPRIETARY FUND TYPE-ENTERPRISE FUND

DECEMBER 31, 1995 AND 1994

	1995	1994
ASSETS		

Current Assets:		
Cash	\$ 12,894	\$ 27,794
Accounts Receivable	11,613	5,040
Allowance - Doubtful Accts	(1,014)	(1,014)
	-----	-----
Total Current Assets	23,493	31,820
Non-Current Assets:		
Land	5,000	5,000
Water Distribution System	268,929	268,929
Furniture & Fixture	4,286	4,286
Less: Accumulated Dep.	(101,072)	(97,280)
	-----	-----
Total Non-Current Assets	177,143	180,935
	-----	-----
TOTAL ASSETS	\$ 200,636	\$ 212,755
	=====	=====
LIABILITIES & FUND EQUITY		

Current Liabilities:	\$ -	\$ -
	-----	-----
Total Current Liabilities	-	-
Long-Term Liabilities:		
Notes Payable	36,521	41,606
Customer Deposits Payable	6,339	8,554
Bonds Payable	72,748	72,748
Interest Payable	157	157
	-----	-----
Total Long-Term Liabilities	115,765	123,065
	-----	-----
Total Liabilities	115,765	123,065
Fund Equity:		
Retained Earnings (deficit)	84,871	89,690
	-----	-----
Total Fund Equity	84,871	89,690
	-----	-----
TOTAL LIABILITIES AND FUND EQUITY	\$ 200,636	\$ 212,755
	=====	=====

The accompanying notes are an integral part of this statement.

MOUNT OLIVE WATERWORKS DISTRICT
LINCOLN PARISH, LOUISIANA

Statement of Revenues, Expenses and Changes In
Retained Earnings-Proprietary Fund Type-
Enterprise Fund

For the Years Ended December 31, 1995 and 1994

	1995	1994
REVENUES:		
Grant-FHA	\$ 110,534	\$ -
Water Sales	-	73,861
Interest	623	791
TOTAL REVENUES	\$ 111,157	\$ 74,652
OPERATING EXPENSES:		
Wages	\$ 7,350	\$ 5,025
Payroll Taxes	5,245	3,754
Labor	28,873	10,620
Travel	30	650
Operating Supplies	3,756	4,018
Water Purchases	10,346	996
Installation Materials	2,534	1,342
Utilities	6,632	9,008
Maintenance & Repairs	3,117	3,282
Administrative Services	13,096	11,420
Bank Service Charges	332	530
Dues & Subscriptions	35	34
Insurance	2,594	2,349
Office Supplies	1,262	5,375
Rent	1,951	650
Postage	883	1,183
Telephone	358	1,366
Professional Services	11,799	10,629
Sales Taxes	1,910	2,255
Auto & Truck Expense	572	1,452
Depreciation Expense	3,791	3,792
Equipment Rental	81	-
Misc.-Bad Checks	607	752
TOTAL OPERATING EXPENSES	107,154	80,482
NON-OPERATING EXPENSE:		
Interest Expense	(8,781)	439
TOTAL OPERATING & NON-OPERATING EXPENSES	\$ 98,373	\$ 80,921
NET INCOME	(4,778)	(6,269)
RETAINED EARNINGS - (DEFICIT) - JANUARY 1,	89,649	95,959
RETAINED EARNINGS - (DEFICIT) - DECEMBER 31,	\$ 84,871	\$ 89,690

The accompanying notes are an integral part of this statement.

MOUNT OLIVE WATERWORKS DISTRICT
LINCOLN PARISH, LOUISIANA

Notes to the Financial Statements

For the Year Ended December 31, 1995 and 1994

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 (5) 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

Mount Olive Waterworks District accounts for its financial position and results of operations in accordance with generally accepted accounting principles applicable to governmental units. The District has only one fund, 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 increase (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 provided over the estimated useful life using the straight-line method. The estimated useful lives are as follows:

Water Systems - 25 years
Equipment - 7 years

C. Inventories

Inventory is valued at the lower of cost (first-in, first-out) or market. There were no inventories on hand at the close of year-end.

NOTE 2. CASH

Cash consisted of demand deposits of \$12,894.00 at December 31, 1995 and \$ 27,794.00 at December 31, 1994. 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. Cash at December 31, 1995 and 1994 are fully secured with Federal Deposit Insurance.

NOTE 3. ACCOUNTS RECEIVABLE

At December 31, 1995 and 1994, the District's accounts receivable for water services are \$11,613.00 and \$5,505.00 respectively. An allowance for uncollectible accounts receivable have been established at December 31, 1995 and 1994 at \$1,014.00.

NOTE 4. PROPERTY, PLANT, AND EQUIPMENT

A summary of proprietary fund type property, plant, and equipment at December 31, 1995 and 1994, follows:

	1994	1995
Water System/Equipment	\$ 268,929.00	\$268,929.00
Furniture & Fixture	4,286.00	4,286.00
Land	5,000.00	5,000.00
	-----	-----
	278,215.00	278,215.00
LESS: Accumulated Depreciation	(97,280.00)	(101,072.00)
	-----	-----
TOTAL	\$ 180,935.00	\$ 177,143.00
	=====	=====

MOUNT OLIVE WATERWORKS DISTRICT
 LINCOLN PARISH, LOUISIANA
 Notes to the Financial Statements (Continued)
 Page 3

The district did not maintain records of their fixed assets from 1965-1990. The initial cost of the waterworks systems, which was placed in service in 1967, was determine by Farmer's Home Administration. All other capital expenditures from 1994 and forward were reviewed and capitalized when necessary.

NOTE 5. LONG-TERM DEBT

The Long-Term obligation of the Mount Olive Waterworks District is a Revenue Promissory Note dated October 26, 1966, and a Water Revenue Bond dated January 23, 1992, with Farmers Home Administration. The proceeds of the Bond issue was used for improvement to the system.

1. Water Revenue Promissory Note, (\$81,000.00 Principles)

ENDING BALANCE 12/31/93	DECREASE	BALANCE 12/31/94	DECREASE	BALANCE 12/31/95
\$41,606.00	\$ 0.00	\$41,406.00	\$5,085.00	\$36,521.00

Required annual principal and interest payments on the fully amortized promissory note as of December 31, 1995, for the five following years are:

YEAR ENDING DECEMBER 31,	AMOUNT
1996	\$ 4,033.00
1997	4,033.00
1998	4,033.00
1999	4,033.00
2000	4,033.00
Thereafter	24,208.00
Total Obligation	44,373.00
Interest	8,554.00
Principal	\$35,819.00

MOUNT OLIVE WATERWORKS DISTRICT
 LINCOLN PARISH, LOUISIANA
 Notes to the Financial Statement
 Page 4

NOTE 5. LONG-TERM DEBT (CONTINUED)

2. Water Revenue Bonds bearing interest at 5 3/4% on a principle amount of \$77,200.00.

ENDING BALANCE 12/31/93	INCREASE	BALANCE 12/31/94	DECREASE	BALANCE 12/31/95
----- \$72,748.00 =====	----- \$ 0.00 =====	----- \$72,748.00 =====	----- \$ 0.00 =====	----- \$72,748.00 =====

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 is tax exempt since it is a governmental organization.

NOTE 8. LITIGATION

At December 31, 1995 and 1994, no pending litigations existed.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

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

I have audited the component unit financial statements of the Mount Olive Waterworks District, Lincoln Parish, Louisiana, a component unit of the Lincoln Parish Police Jury, as of and for the years ended December 31, 1995 and 1994, and have issued my report thereon dated August 2, 1996.

I conducted my audit in accordance with generally accepted auditing standards, 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 of the Mount Olive Waterworks District, Lincoln Parish, Louisiana, a component unit of the Lincoln Parish Police Jury are free of material misstatement.

The management of Mount Olive Waterworks District, Lincoln Parish, Louisiana, a component unit of Lincoln Parish Police Jury, 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.

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF GENERAL
PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
Page 2

In planning and performing my audit of the component unit financial statements of the Mount Olive Waterworks District, Lincoln Parish, Louisiana, a component unit of Lincoln Parish Police Jury, for the years ended December 31, 1995 and 1994, I obtained an understanding of the internal control structure. With 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.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the component unit financial statements.

I. FINDING

SEPARATE BANK ACCOUNTS:

Mount Olive Waterworks 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 but did not deposit the required monthly deposits of \$414.56 to the Sinking Fund, \$21.00 per month to the Reserve Fund until it accumulated up to \$4,974.72 dollars, and \$22.00 per month to the Contingency Fund.

RECOMMENDATION

The District should make the required monthly deposits to the respective funds that are required by the Bond Indenture.

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF GENERAL
PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
Page 3

MANAGEMENT'S RESPONSE

Required contribution will be made on a timely basis in the future.

2. FINDING

AUDIT SERVICES:

Louisiana Revised Statute 24:513 requires that quasi-public and other nonprofit organizations that receives State or Federal assistance obtain audit services and submit an audit report within six (6) months from the end of the fiscal year. The District completed their audit on June 30, 1996 within the six (6) months period but the reports have not been submitted.

RECOMMENDATION

All reports should be completed and submitted to the Legislative Auditor's Office within the six (6) months period.

MANAGEMENT'S RESPONSE

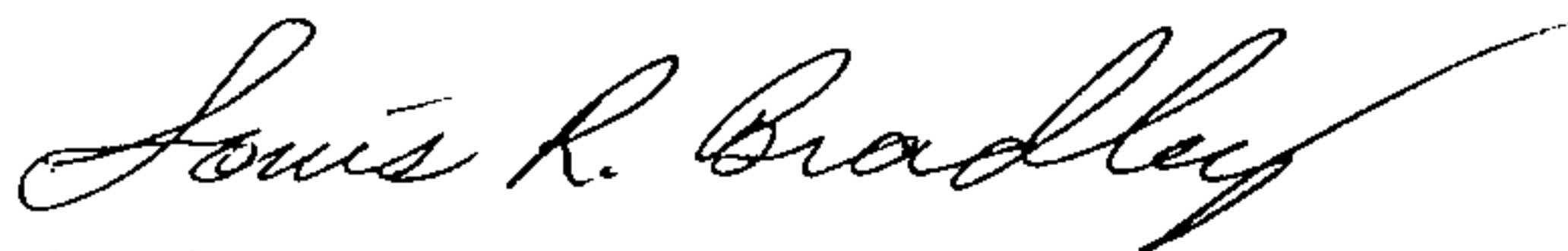
All reports will be submitted within the due dates in the future.

A material weakness is a reportable 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.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe the reportable condition described above is a material weakness.

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF GENERAL
PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
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This report is intended for the information of the Commissioners, Police Jury, management, and the Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Louis R. Bradley
Certified Public Accountant
Incorporated

Monroe, Louisiana
August 2, 1996

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE BASED ON AN AUDIT
OF GENERAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS
Page 2



Louis R. Bradley
Certified Public Accountant
Incorporated

Monroe, Louisiana
August 2, 1996

SUPPLEMENTAL INFORMATION

MOUNT OLIVE WATERWORKS DISTRICT
LINCOLN PARISH, LOUISIANA

Status of Prior Years Findings

For the Years Ended December 31, 1993, 1992, and 1991

During the course of my examination, I performed certain tests and reviewed documents to determine if the findings and recommendations from the prior period audit has been resolved. The following findings were either cleared or not cleared.

PAYROLL TAXES-The District does not withhold payroll taxes on their employees and payroll tax returns were not filed by the District as required by law. Uncleared

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 but did not deposit the required monthly deposits of \$414.56 to the Sinking Fund, \$21.00 per month to the Reserve Fund until it accumulated up to \$4,974.72 dollars, and \$22.00 per month to the Contingency Fund. Uncleared