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Water Works District No. 1  
of the Parish of Assiout

Annual Financial Statements  
Year ended June 30, 1997

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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 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: FEB 18 1998

Waterworks District No. 1 of the Parish of Acadian  
 Annual Financial Statements  
 Year ended June 30, 1997

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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 Assyellee  
Franklinville, Louisiana

I have audited the accompanying general purpose financial statements of the Waterworks District No.1 of the Parish of Assyellee, a component unit of the Assyellee Parish Police Jury, as of and for the year ended June 30, 1997, 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. These 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 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 Assyellee as of June 30, 1997, 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 December 21, 1997 on my consideration of Waterworks District No.1 of the Parish of Assyellee's internal control structure and a report dated December 23, 1997 on its compliance with laws and regulations.

My audit was made for the purpose of forming an 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 Assyellee. 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, CPA*  
W. Kathleen Beard  
December 23, 1997

**W. Kathleen Broad**  
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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 President and Members of the Board of Commissioners  
Waterworks District No. 1 of the Parish of Avoyelles  
Bossierville, Louisiana

I have audited the general purpose financial statements of the Waterworks District No. 1 of the Parish of Avoyelles, a component unit of the Avoyelles Parish Police Jury, for the year ended June 30, 1997, and have issued my report thereon dated December 23, 1997.

I have 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 general purpose financial statements are free of material misstatements.

The management of Waterworks District No. 1 of the Parish of Avoyelles 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 general purpose 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.

In planning and performing my audit of the financial statements of the Waterworks District No. 1 of the Parish of Avoyelles, for the year ended June 30, 1997, I obtained an understanding of its 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 general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I need 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 general purpose financial statements.

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 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.

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 noted the following matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in my audit of the financial statements of Waterworks District No. 1 of the Parish of Assumption, for the year ended June 30, 1997.

Condition: Internal control procedure established to review general ledger account balances after posting monthly transactions and agree those balances to bank reconciliations and other documented account balances to detect posting errors on a timely basis were not followed. Criteria: Accurate interim financial statements are useful tools for management's decision making processes, budgetary comparisons and financial reporting. Possible asserted effect: When posting errors are not detected and corrected on a timely basis financial data can be materially misstated and is worthless for any managerial or financial reporting purposes.

This report is intended for the information of management and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



W. Kathleen Beard  
December 23, 1997

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
BASED ON AN AUDIT OF GENERAL PURPOSE  
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 Assyellee  
Bardoniaville, Louisiana

I have audited the general purpose financial statements of the Water Works District No. 1 of the Parish of Assyellee, a component unit of the Assyellee Parish Police Jury, as of and for the year ended June 30, 1997, and have issued my report thereon dated December 23, 1997.

I conducted my audit in accordance with generally accepted auditing standards, and *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require the CPA to not perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Water Works District No. 1 of the Parish of Assyellee is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of my audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. 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*.

I noted certain immaterial instances of noncompliance that I have reported to the management of Water Works District No. 1 of the Parish of Assyellee in a separate letter dated December 23, 1997.

This report is intended for the information of management and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*W. Kathleen Beard*

W. Kathleen Beard  
December 23, 1997

GENERAL PURPOSE FINANCIAL STATEMENTS

Water Works District No. 1 of the Parish of Avoyelles  
 Bossierville, Louisiana  
 Comparative Balance Sheet  
 June 30, 1959 and 1958

|                                       | 1959             | 1958             |
|---------------------------------------|------------------|------------------|
| <b>ASSETS</b>                         |                  |                  |
| <b>CURRENT ASSETS</b>                 |                  |                  |
| Cash and cash equivalents             | \$68,075         | \$88,864         |
| Investment in Certificates of Deposit | 16,157           | 17,578           |
| Accounts receivable - Customers       | 25,028           | 29,176           |
| Inventory                             | 11,688           | 12,128           |
| Accrued interest receivable           | 1,054            | 1,488            |
| Prepaid insurance                     | 2,455            | 3,151            |
| Cylinder deposit                      | 1,000            | 1,880            |
| Total Current Assets                  | 137,657          | 195,475          |
| <b>RESTRICTED ASSETS</b>              |                  |                  |
| Cash and cash equivalents             |                  |                  |
| Water customer deposits               | 5,156            | 4,200            |
| Water investments                     | 20,000           | 20,074           |
| Water reserve                         | 25,654           | 25,591           |
| Water depreciation                    | 3,273            | 18,281           |
| Investment in Certificates of Deposit |                  |                  |
| Water customer deposits               | 21,741           | 28,500           |
| Water depreciation                    | 34,219           | 32,008           |
| Total Restricted Assets               | 94,753           | 132,662          |
| <b>PROPERTY, PLANT, AND EQUIPMENT</b> |                  |                  |
| Building                              | 15,200           | 15,200           |
| Water system                          | 781,156          | 781,187          |
| Equipment                             | 55,465           | 28,791           |
| Construction in progress              | 93,216           | 0                |
|                                       | 945,037          | 833,178          |
| Less Accumulated Depreciation         | (483,821)        | (460,316)        |
| Net Property, Plant and Equipment     | 461,216          | 372,862          |
| Land                                  | 2,900            | 2,900            |
| Total Property, Plant and Equipment   | 464,116          | 375,762          |
| <b>TOTAL ASSETS</b>                   | <b>\$746,529</b> | <b>\$699,899</b> |

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



|   | 2007           | 1996           |
|---|----------------|----------------|
| <b>LIABILITIES AND FUND-EQUITY</b>                  |                |                |
| <b>CURRENT LIABILITIES</b>                          |                |                |
| Payable from Current Assets                         |                |                |
| Accounts payable                                    | \$5,668        | \$5,491        |
| Payroll taxes payable                               | 1,372          | 1,589          |
| Sales tax payable                                   | 554            | 526            |
| Construction contracts payable                      | 12,819         | 0              |
| Bonding payable                                     | 7,962          | 0              |
| Engineering fees payable                            | 2,443          | 0              |
| Total Payable from Current Assets                   | <u>30,828</u>  | <u>7,606</u>   |
| Payable from Restricted Assets                      |                |                |
| Unmatured deposits                                  | 27,877         | 26,983         |
| Accrued interest payable                            | 7,649          | 7,368          |
| Revenue bonds payable - current portion             | 39,883         | 18,888         |
| Total Payable from Restricted Assets                | <u>75,409</u>  | <u>53,239</u>  |
| Total Current Liabilities                           | <u>106,237</u> | <u>60,845</u>  |
| <b>LONG - TERM LIABILITIES</b>                      |                |                |
| Revenue bonds payable                               | 277,000        | 298,000        |
| Total Long - term Liabilities                       | <u>277,000</u> | <u>298,000</u> |
| Total Liabilities                                   | <u>383,237</u> | <u>158,845</u> |
| <b>FUND-EQUITY</b>                                  |                |                |
| Contributed Capital                                 |                |                |
| State grant   | 80,000         | 80,000         |
| Other contributed capital                           | 61,815         | 12,925         |
| Total Contributed Capital                           | <u>141,815</u> | <u>92,925</u>  |
| Less: Reserves                                      |                |                |
| Net Contributed Capital                             | <u>25,855</u>  | <u>26,411</u>  |
| Reserves/Retainings                                 |                |                |
| Reserved for Revenue bond retirement                | 30,874         | 28,374         |
| Reserved for revenue bond-contingency and equipment | 28,382         | 64,879         |
| Unreserved  | 261,240        | 214,644        |
| Total Retained Reserves                             | <u>320,596</u> | <u>307,907</u> |
| Total Fund Equity                                   | <u>346,451</u> | <u>334,314</u> |
| <b>TOTAL LIABILITIES AND FUND EQUITY</b>            | <u>729,688</u> | <u>493,159</u> |

Water Works District No. 1 of the Parish of Assiout  
Bossierville, Louisiana  
Comparative Statement of Revenues, Expenses  
and Changes in Retained Earnings  
Years ended June 30, 1997 and 1996

Continued

|   | 1997      | 1996      |
|---|-----------|-----------|
| <b>OPERATING REVENUES</b>   |           |           |
| Charges for services  |           |           |
| Water sales   | \$201,611 | \$188,562 |
| Late charges  | 3,491     | 3,171     |
| Tap fees  | 2,800     | 3,160     |
| Miscellaneous   | 3,317     | 1,589     |
| Total operating revenues  | 211,219   | 196,482   |
| <b>OPERATING EXPENSES</b>   |           |           |
| Salaries  | 50,123    | 46,612    |
| Repairs, maintenance and supplies   | 18,322    | 11,250    |
| Bond fees   | 1,690     | 1,690     |
| Professional fees   | 2,581     | 2,915     |
| Utilities   | 29,172    | 29,615    |
| Payroll taxes   | 6,173     | 2,783     |
| Office supplies and postage   | 5,889     | 4,899     |
| Insurance   | 11,116    | 20,904    |
| Miscellaneous   | 2,487     | 803       |
| Telephone   | 1,903     | 1,512     |
| Depreciation  | 23,097    | 23,055    |
| Fuel  | 2,760     | 1,700     |
| Taxes   | 686       | 783       |
| Fees and supplies   | 6,716     | 5,693     |
| Chemicals   | 3,817     | 3,078     |
| Bank charges  | 91        | 88        |
| Fines and interest  | 34        | 0         |
| Total Operating Expenses  | 187,849   | 182,544   |
| <b>OPERATING INCOME (LOSS)</b>  | 23,370    | 13,938    |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>  |           |           |
| Interest revenue  | 5,622     | 9,198     |
| Interest expense  | (14,405)  | (24,579)  |
| Total Non-operating Revenues (Expenses)   | (8,783)   | (15,381)  |
| <b>NET INCOME (LOSS)</b>  | 14,587    | (1,443)   |
| Add depreciation on fixed assets acquired by grants, contributions,<br>and shared revenues, or specially restricted for capital acquisitions<br>and construction that reduces contributed capital | 1,756     | 1,756     |
| <b>RETAINED EARNINGS - BEGINNING</b>  | 807,663   | 746,164   |
| <b>RETAINED EARNINGS - ENDING</b>   | 822,250   | 744,721   |

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

Water Works District No. 1 of the Parish of Assumption  
Bossier Parish, Louisiana  
Comparative Statement of Cash Flows  
June 30, 1997 and 1996

Statement C

|  | 1997      | 1996      |
|--|-----------|-----------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |           |           |
| Cash received from customers   | \$287,494 | \$216,114 |
| Cash payments to suppliers for goods and services  | (95,123)  | (81,496)  |
| Cash payments to employees for services  | (50,323)  | (46,611)  |
| <b>Net Cash Provided by (Used for) Operating Activities</b>  | 72,048    | 88,007    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                    |           |           |
| Principal paid on bonds payable  | (18,000)  | (17,000)  |
| Interest paid on bonds payable   | (14,903)  | (15,125)  |
| Acquisition of capital assets  | (113,000) | (5,215)   |
| Income/(debt) tax contribution payable   | 21,346    | 0         |
| <b>Net Cash Used by Investing Activities</b>   | (124,657) | (37,340)  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |           |           |
| Interest on investments  | 8,056     | 8,471     |
| (Increase) Decrease in investments   | (4,788)   | (17,578)  |
| <b>Net Cash Provided by (Used for) Investing Activities</b>  | 3,268     | (9,107)   |
| <b>INCREASE (DECREASE) IN CASH</b>   | 51,054    | 39,654    |
| Cash and Cash Equivalents, Beginning of Year   | 179,120   | 139,466   |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>  | \$230,174 | 179,120   |
| <br>   |           |           |
| <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>  |           |           |
| Operating Income (Loss)  | \$46,674  | \$63,820  |
| Adjustments to reconcile operating income to net cash provided by (used for) operating activities: |           |           |
| Depreciation   | 25,187    | 23,865    |
| Net Change in Assets and Liabilities -   |           |           |
| (Increase) Decrease in accounts receivable   | 4,096     | (2,000)   |
| (Increase) Decrease in inventory   | (1,565)   | (900)     |
| (Increase) Decrease in prepaid expense   | (1,704)   | (1,160)   |
| Increase (Decrease) in accounts payable  | 176       | 491       |
| Increase (Decrease) in payroll taxes payable   | (771)     | 1,637     |
| Increase (Decrease) in sales tax payable   | (952)     | (12)      |
| Increase (Decrease) in customer security deposits  | 974       | 1,813     |
| <b>Total Adjustments</b>   | 25,171    | 21,791    |
| <b>Net cash provided by (used for) operating activities</b>  | \$71,845  | \$85,611  |

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, 1997

## Introduction

The Waterworks District No. 1 of the Parish of Avoyelles was created on February 5, 1908 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.

## I. 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 24:513, as the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit, *Audit of State and Local Governmental Units* published by the American Institute of Certified Public Accountants. As allowed in Section 190 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 criteria 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.

Waukegan District No. 1 of the Parish of Avoyelles  
Notes to the Financial Statements  
June 30, 1997

**I. 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 \$568,000 issue of revenue bonds dated July 11, 1989.

**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.

**F. Investments**

Investments at June 30, 1997 are stated at cost which approximates market.

Waterworks District No. 1 of the Parish of Assioutka  
Notes to the Financial Statements  
June 30, 1997

I. Summary of Significant Accounting Policies (Continued)

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, 1/2% 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 3% of the amount transferred into the Amortization Fund until there is on deposit an amount equal to \$30,000. There shall also be deposited \$200 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 | 30 years     |
| Other Equipment                | 3 - 10 years |

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, 1997, there were no interest charges capitalized on fixed assets acquired or constructed.

Waterworks District No. 1 of the Parish of Arcyelle  
Notes to the Financial Statements  
June 30, 1997

1. Summary of Significant Accounting Policies (Continued)

J. Compensated Absences

The District has no policy for accumulated vacation, sick pay or other employee benefits. Therefore, no accounts 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, endowments, 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.

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, 1997, the book balances of the District's deposits was \$104,144 and the bank balances were \$ 151,702.

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, 1997, the bank balance was entirely covered by federal depository insurance.

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 \$92,927, of which, \$88,285 was covered by federal depository insurance. Deposit collateral consisting of securities having a market value of \$287,482, held in the fiscal agent bank's name was pledged to secure the remaining deposits of \$94,542 (Risk Category 3).

Waterworks District No. 1 of the Parish of Avoyelles  
Notes to the Financial Statements  
June 30, 1997

**3. Accounts Receivable**

At June 30, 1997, accounts receivable from customers is comprised of the following:

|                      | 1997      | 1996      |
|----------------------|-----------|-----------|
| Current Billing      | \$ 16,377 | \$ 21,886 |
| Past due             | 688       | 557       |
|                      | 16,965    | 22,443    |
| Unbilled receivables | 8,000     | 3,453     |
|                      | \$ 24,965 | \$ 25,896 |

**4. Plant and Equipment -**

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

|                             | Balance<br>7/1/96 | Additions  | Deletions | Balance<br>6/30/97 | Accumulated<br>Depreciation | Book Value<br>6/30/97 |
|-----------------------------|-------------------|------------|-----------|--------------------|-----------------------------|-----------------------|
| Land                        | \$ 2,500          | \$ 0       | \$ 0      | \$ 2,500           | \$ 0                        | \$ 2,500              |
| Buildings                   | 15,293            | 0          | 0         | 15,293             | 3,904                       | 11,389                |
| Plant & equipment           | 879,888           | 18,731     | 0         | 898,619            | 488,296                     | 390,323               |
| Construction in<br>progress | 0                 | 90,276     | 0         | 90,276             | 0                           | 90,276                |
|                             | \$ 897,681        | \$ 115,008 | \$ 0      | \$ 998,895         | \$ 488,296                  | \$ 460,599            |



Waterworks District No. 1 of the Parish of Assipecles  
 Notes to the Financial Statements  
 June 30, 1997

**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, 1996 | \$ 314,000      |
| Additions                              | 0               |
| Deductions                             | <u>(28,000)</u> |
| Long-term liabilities at June 30, 1997 | \$ 286,000      |

The annual requirements to amortize all long-term debt as of June 30, 1997 including interest payments at 6.75% resulting \$68,658 scheduled as follows:

| Year ending     | Revenue Bonds<br>& Interest Maturity |
|-----------------|--------------------------------------|
| ...June 30, ... |                                      |
| 1998            | \$ 33,000                            |
| 1999            | 33,158                               |
| 2000            | 33,287                               |
| 2001            | 33,200                               |
| 2002 - 2005     | 151,913                              |
| 2006 - 2009     | <u>130,107</u>                       |
|                 | \$ 568,657                           |

**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. Construction Commitments**

The District has a construction project in progress to improve and upgrade the water distribution system. At June 30, 1997 construction and engineering contracts contained amounts amounted to \$73,433. The project is expected to be complete during the next fiscal year.

**8. Litigation and Claims**

At June 30, 1997 the District was not involved in litigation or in aware of any unasserted claims.

## SUPPLEMENTARY INFORMATION

Water Works District No. 1 of the Parish of Assumption  
Boudrocheville, Louisiana  
Schedule of Compensation Paid Board Members  
For the Year ended June 30, 1993

Schedule 2

The schedule of per diem paid to board members was prepared in compliance with House  
Concurrent Resolution No. 24 of the 1992 Session of the Legislature.

| Board Member     | Amount         |
|------------------|----------------|
| Shelby Lubinski  | \$600          |
| Marilyn B. Crook | 500            |
| James Armond     | 500            |
| David Handlyan   | 250            |
| Peter Lussier    | 150            |
| Total            | <u>\$1,600</u> |

Water Works District No. 1 of the Parish of Avoyelles  
 Bossierville, Louisiana  
 Schedule of Changes in Assets Restricted  
 For Revenue Bond Debt Retirement  
 For the Year ended June 30, 1997

Schedule J

|                                   | Amortization<br>Fund | Reserve<br>Fund | Depreciation<br>Fund | Total          |
|-----------------------------------|----------------------|-----------------|----------------------|----------------|
| Cash balance at June 30, 1996     | \$20,194             | \$15,551        | \$76,299             | \$112,044      |
| <b>Cash Receipts:</b>             |                      |                 |                      |                |
| Transfer from Operating           | 32,255               | 0               | 2,780                | 35,035         |
| Interest earned on invested funds | 217                  | 1,083           | 3,289                | 4,589          |
| <b>Total Cash Available</b>       | <b>52,666</b>        | <b>16,633</b>   | <b>76,368</b>        | <b>145,667</b> |
| <b>Cash Disbursements:</b>        |                      |                 |                      |                |
| Bond principal payments           | 18,000               | 0               | 0                    | 18,000         |
| Bond interest payments            | 14,913               | 0               | 0                    | 14,913         |
| Water system improvements         | 0                    | 0               | 18,296               | 18,296         |
| <b>Total Disbursements</b>        | <b>32,913</b>        | <b>0</b>        | <b>18,296</b>        | <b>51,209</b>  |
| Cash balance at June 30, 1997     | \$19,753             | \$16,633        | \$58,072             | \$114,458      |

**W. Easton Broad**  
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(504) 638-2111

Member  
American Institute of CPAs  
Society of Certified CPAs

December 23, 1997

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

In planning and performing my audit of the financial statements of the Waterworks District No. 1 of the Parish of Assumption for the year ended June 30, 1997, I considered the District's internal control structure to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during my audit I became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes my comments and suggestions regarding these matters. A separate report dated November 14, 1995, contains my report on reportable conditions in the District's internal control structure. This letter does not affect my report dated December 23, 1997, on the financial statements of the Waterworks District No. 1 of the Parish of Assumption.

**Finding #1 - Reportable Condition/Material Weakness**

It was noted that numerous errors were made in posting transactions resulting in unreliable financial data. Most bank account balances as reported in the general ledger were materially misstated and required numerous audit adjustments.

**Recommendation:**

Transactions should be posted on a monthly basis, general ledger account balances should be compared to available supporting documentation (bank reconciliation, etc.), any differences should be investigated and corrected. Monthly computer generated reports should be provided to the Board at each regular monthly meeting. Additionally a audited financial statements should be used in preparing the "Operating Budget Forecast" required by GE Capital.

**Management's Response:** The Clerk will be instructed to post transactions each month and account balances will be compared to supporting documentation. All differences will be corrected at that time. Computer generated reports will be presented to the Board at their regular monthly meetings.

**Finding #2 - Noncompliance with Contracts Laws & Regulations/Reportable Condition Material**

No Operating Budget Forecast was prepared for the fiscal year ending June 30, 1997 as required by 411. Capital.

**Recommendation:** If the recommendation of Finding #1) is followed, reasonably accurate actual data will be available to prepare the operating budget forecast.

**Management's Response:** We will prepare the operating budget forecast for the next year as soon as bookkeeping procedures for the year just ended has been completed and presented to the Board.

**Prior Year Findings:**

No prior year findings.

I wish to express my sincere appreciation to the personnel of Waterworks District No. 1 of the Parish of Assumption for their cooperation and courtesies offered to me during our engagement.

If there are any questions regarding my comments or recommendations, please advise me at your convenience.

Sincerely,



W. Kathleen Beard  
Certified Public Accountant