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NOT be filedWATERBURY DISTRICT NO. 1 OF THE PARISH OF BERNOISSTATE OF LOUISIANA

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Release Date APR 08 1998FINANCIAL STATEMENTSDecember 31, 1997

Martha G. Millican  
Certified Public Accountant  
Greensport, Louisiana

APR 08 1998  
10:00 AM  
STATE OF LOUISIANA  
LEGISLATIVE AUDITOR

WATKINSON DISTRICT NO. 1 OF THE PARISH OF DECATO

Financial Statements  
December 31, 1993

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# Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

## Independent Auditor's Report

Board of Commissioners  
Waterworks District No. 1 of the Parish of DeCade,  
Grand Cane, Louisiana

I have audited the accompanying component unit financial statements of Waterworks District No. 1 of the Parish of DeCade, State of Louisiana, a development stage component unit of the DeCade Parish Police Jury, as of and for the three months ended December 31, 1997. These component unit financial statements are the responsibility of Waterworks District No. 1 of the Parish of DeCade, State of Louisiana'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, 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 component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of Waterworks District No. 1 of the Parish of DeCade, State of Louisiana, as of December 31, 1997, and the results of its operations and cash flows for the three months then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated June 23, 1998, on my consideration of Waterworks District No. 1 of the Parish of DeCade, State of Louisiana's internal control structure and a report dated June 23, 1998, on its compliance with laws and regulations.



Certified Public Accountant  
June 23, 1998

WATERBURY DISTRICT NO. 1 OF THE PARISH OF DEBOER

Balance Sheet  
December 31, 1992

Assets

Cash	\$ 5,317
Taxes Receivable	1,121,728
Investments	9,381,330
Construction in Progress	879,887
Bond Issuance Costs	<u>18,813</u>
<b>Total Assets</b>	<b><u>\$11,336,720</u></b>

Liabilities and EquityLiabilities

Revenue Bonds Payable	\$ 9,900,000
Accrued Interest on Revenue Bonds	<u>141,838</u>
<b>Total Liabilities</b>	<b><u>10,041,838</u></b>

Equity

Retained Earnings:	
Reserved for Revenue Bond Retirement	1,007,941
Unreserved	<u>284,538</u>
<b>Total Equity</b>	<b><u>1,292,502</u></b>

<b>Total Liabilities and Equity</b>	<b><u>\$11,336,720</u></b>
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see accompanying notes to financial statement.

## PARISHES DISTRICT NO. 1 OF LOUISIANA

Statement of Revenues, Expenses, and Charges in  
Retained Earnings

Three Months Ended December 31, 1992

Revenues:	
Ad valorem taxes	\$ 1,193,014
Miscellaneous revenues	<u>178</u>
Total revenues	<u>1,193,192</u>
Operating expenses:	
Administrative expenses	<u>1,595</u>
Operating income	1,191,597
Non-operating revenues (expenses):	
Interest income	333,334
Interest expense	<u>(4,843,823)</u>
Total non-operating revenues (expenses)	<u>(4,510,489)</u>
Net income	1,153,899
Retained earnings - beginning of year	<u>0</u>
Retained earnings - end of year	<u>\$ 1,153,899</u>

See accompanying notes to financial statements.

WATERWORKS DISTRICT NO. 1 OF THE TOWN OF BRACKENStatement of Cash Flows - Proprietary Fund Type  
Three Months Ended December 31, 1997

Cash flows from operating activities:	
Ad valorem taxes received	\$ 41,286
Cash payments to suppliers	( 1,996)
Other operating income	118
Net cash provided by operating activities	<u>39,408</u>
Cash flows from capital and related financing activities:	
Construction in progress	( 437,320)
Bond issuance costs	( 38,815)
Proceeds of revenue bonds	<u>9,900,000</u>
Net cash provided by capital and related financing activities	<u>9,423,865</u>
Cash flows from investing activities:	
Purchase of investments	(9,591,358)
Interest received on investments	<u>122,522</u>
Net cash used by investing activities	<u>(9,468,836)</u>
Net increase in cash	5,437
Cash, beginning of year	<u>0</u>
Cash, end of year	<u>\$ 5,437</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,161,886
Adjustments to reconcile net income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Increase in taxes receivable	<u>( 1,121,708)</u>
Net cash provided by operating activities	<u>\$ 39,888</u>

see accompanying notes to financial statements.

**WATERWORKS DISTRICT NO. 1 OF THE PARISH OF DESOTO**

**Notes to Financial Statements  
December 31, 1997**

Waterworks District No. 1 of the Parish of Desoto, State of Louisiana, was created by Ordinance No 2, of the Desoto Parish Police Jury on July 24, 1985. The ordinance states that the purpose of the district is to facilitate plans and arrangements for feasibility studies and surveys and the financing, construction, development and operation of a water works system to provide a public water supply within the proposed District. The District is a component unit of the Desoto Parish Police Jury.

The District is governed by a board of nine commissioners appointed by Desoto Parish Police Jury.

Waterworks District No. 1 of the Parish of Desoto is in the process of constructing a \$9,960,000 water system to assist in meeting the domestic, commercial and fire protection demands in Desoto Parish within the boundaries of the District. Construction of this system is being funded with revenues from a 2.5 mill ad valorem tax proposition passed by voters of April 8, 1997. A 2.0 mill property tax millage authorized to be levied in the years 1997 through 2004 to subsidize operation and maintenance expenses of the system was also passed April 8, 1997.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of Waterworks District No. 1 of the Parish of Desoto have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The following is a summary of the more significant accounting policies:

**Basis of Accounting.** The accrual basis of accounting is utilized by the District. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

**Investments.** Investments are stated at cost which approximates market.

**Bad Debt.** Ad valorem taxes receivable are deemed to be fully collectible.

**Cash Items.** For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(Continued)

WATERBORE DISTRICT NO. 1 OF THE PARISH OF DEBOTE

Notes to Financial Statements

December 31, 1997

2. CASH:

At December 31, 1997, the District had cash deposits in financial institutions totaling \$ 5,317. These balances were fully insured by FDIC insurance.

3. PER DIEM PAID TO COMMISSIONERS:

No per diem was paid to commissioners for the three months ended December 31, 1997.

4. TAXES RECEIVABLE:

Ad Valorem Taxes are collected by the DeBote Parish Sheriff and remitted to the District on a monthly basis. For the year ended December 31, 1997, taxes of 7.50 mills were levied on property with assessed valuations totaling \$155,866,021. Of the total millage, 4.0 mills are dedicated to bond retirement and 3.0 mills are dedicated for general operating purposes.

Total taxes levied were \$ 1,163,014. Taxes receivable at December 31, 1997 of \$1,121,728 are deemed to be fully collectible.

5. INVESTMENTS:

Investments consist of funds invested in the Louisiana Asset Management Pool (LAMP). LAMP was established and is administered by LAMP, Inc., a nonprofit corporation organized under the law of the State of Louisiana. LAMP accepts deposits from public entities. Upon the making of an investment, a public entity becomes a member of LAMP, Inc., similar to a corporate shareholder, and is authorized to exercise certain rights with respect to the governance of the corporation. At December 31, 1997, funds on deposit with LAMP (at cost) totalled \$ 9,592,358.

Total net assets of LAMP at December 31, 1997 were as follows:

	Face Amount	Market Value
Federal Farm Credit Bank Notes	\$ 15,000,000	\$ 14,968,788
Federal Home Loan Bank Notes	50,000,000	50,038,884
FHL SFG Discount Notes	10,000,000	9,921,528
FRMA Notes	48,000,000	48,212,757
Student Loan Mkt Notes	10,000,000	9,978,580
Repurchase Agreements	250,000,000	238,252,280
Total Investments		338,183,827
Less: Liabilities		( 584,887)
Net Assets		\$ 337,598,940

(Continued)



**WATERWORKS DISTRICT NO. 1 OF THE PARISH OF ORLEANS**

**Notes to Financial Statements  
December 31, 1987**

**6. INVESTMENTS: (CONTINUED)**

The District's investments are categorized to give an indication of the level of risk assumed by the District at December 31, 1987. The categories are described as follows:

Category 1 - Insured or collateralized with securities held by the District or in the District's name.	\$ -
Category 2 - Collateralized with securities held by the pledging institution or by its agent in the District's name.	-
Category 3 - Uncollateralized	<u>2,521,325</u>
Total Investments	<u>\$ 2,521,325</u>

**6. CONSTRUCTION IN PROGRESS:**

Construction in progress consists of costs incurred during the design phase of the \$8,900,000 water system. Capitalized interest included in construction in progress totaled \$ 141,818.

**7. BONDS PAYABLE:**

The District issued \$8,900,000 of general obligation bonds dated October 1, 1987, for the purpose of constructing a waterworks system with the first payment due on April 1, 1988.

The annual requirements to amortize all long-term debt outstanding as of December 31, 1987, including interest payments of \$ 5,922,575 are as follows:

Year Ending December 31	Total
1988	\$ 658,725
1989	809,125
2000	812,925
2001	812,725
2002	812,525
2003 - 2017	<u>12,818,525</u>
<b>Totals</b>	<b><u>\$ 15,822,575</u></b>

# **Marsha O. Millican**

CERTIFIED PUBLIC ACCOUNTANT

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

Board of Commissioners  
Waterworks District No. 1 of the Parish of DeCade  
Grand Cane, Louisiana

I have audited the component unit financial statements of Waterworks District No. 1 of the Parish of DeCade, State of Louisiana, of and for the three months ended December 31, 1997, and have issued my report thereon dated June 23, 1998.

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.

The management of Waterworks District No. 1 of the Parish of DeCade, 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 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 component unit financial statements of Waterworks District No. 1 of the Parish of DeCade for the three months ended December 31, 1997, 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 a certain matter involving the internal control structure and its operation that I consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. A reportable condition involves 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 District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the component unit financial statements.

Finding:	The segregation of duties is inadequate to provide effective internal control.
Cause:	The condition is due to economic and space limitations.
Recommendation:	No action is recommended.
Management's Response:	We concur with the finding.

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 accounts 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 that the reportable condition described above is a material weakness.

This report is intended for the information of management, the Board of Commissioners, and applicable Federal and state component agencies. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant  
June 23, 1998

# **Marsha O. Millican**

CERTIFIED PUBLIC ACCOUNTANT

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

Board of Commissioners  
Waterworks District No. 1 of the Parish of DeCade  
Grand Cade, Louisiana

I have audited the component unit financial statements of Waterworks District No. 1 of the Parish of DeCade, State of Louisiana, as of and for the three months ended December 31, 1993, and have issued my report thereon dated June 23, 1994.

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 component unit financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Waterworks District No. 1 of the Parish of DeCade, 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, my objective 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.

This report is intended for the information of management, the Board of Commissioners, and applicable federal and state cognizant agencies. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant  
June 23, 1994