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**MOUNT OLIVE WATERWORKS DISTRICT
Lincoln Parish, Louisiana**

Compiled Financial Statements

Years Ended December 31, 1987 and 1986

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 JAN 22 1988

MOUNT OLIVE WATERWORKS DISTRICT
LINCOLN PARISH, LOUISIANA

COMPILED FINANCIAL STATEMENTS
For the Years Ended December 31, 1997 and 1996

C O N T E N T S

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Robby Gray

CERTIFIED PUBLIC ACCOUNTANT

• Accounting Services

• Assess The Situation

• Management Advisory Services

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Member, Institute of Certified Public Accountants • Society of Louisiana Certified Public Accountants

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

I have compiled the accompanying balance sheets of the Mount Olive Waterworks District, as of and for the year-ended December 31, 1997 and 1998, and the related Statement of Revenues, Expenses, and Changes in Retained Earnings, 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 of the Mount Olive Waterworks District. 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.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, I have issued a report, dated June 29, 1998, on the results of our agreed-upon procedures.

June 29, 1998



Certified Public Accountant

FINANCIAL STATEMENTS

STATEMENT A

MOUNT OLIVE WATERWORKS DISTRICT
Lincoln Parish, LouisianaBALANCE SHEET - PROPRIETARY FUND TYPE - ENTERPRISE FUND
December 31, 1998 and 1997

	1997	1998
ASSETS:		
Current Assets:		
Cash	\$3,894	\$8,250
Accounts Receivable	18,511	17,837
Allowance for Doubtful Accounts	(1,814)	(1,014)
Total Current Assets	18,591	24,773
Non-Current Assets:		
Land	5,000	5,000
Water Distribution System	208,928	205,928
Furniture and Fixtures	4,286	4,286
Less: Accumulated Depreciation	(708,858)	(184,884)
Total Non-Current Assets	958,556	175,330
TOTAL ASSETS	\$1,088,908	\$180,124
LIABILITIES AND FUND EQUITY		
Current Liabilities:		
Total Current Liabilities	-	-
Long-Term Liabilities:		
Notes Payable	\$33,851	\$35,821
Customer Deposits Payable	2,477	540
Bonds Payable	73,748	72,766
Interest Payable	4,982	5,818
Total Long-Term Liabilities	114,158	115,205
Total Liabilities	114,158	115,205
Fund Equity:		
Retained Earnings (Deficit)	74,754	62,805
Total Fund Equity	74,754	62,805
TOTAL LIABILITIES AND FUND EQUITY	\$188,912	\$178,010

See accompanying notes and accountant's report

BOARD OF/VE WATERWORKS DISTRICT
Leitch Field, Louisiana

STATEMENT B

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

For the Years Ended December 31, 1997 and 1998

	1997	1998
REVENUES:		
Water Sales	209,817	278,028
Interest Income	66	227
TOTAL REVENUES	209,883	278,255
OPERATING EXPENSES:		
Wages	27,708	27,256
Payroll Taxes	5,808	4,178
Outside Services	2,419	8,713
Debt A Subscriptions	-	28
Operating Supplies	842	3,258
Water Facilities	857	3,071
Employment Taxes	-	791
Utilities	9,382	5,417
Maintenance and Repairs	1,895	3,358
Administrative Services	11,828	18,158
Bank Service Charges	701	1,029
Computer Services	5,800	5,500
Insurance	2,482	2,488
Office Supplies	113	887
Rent Expense	1,284	1,514
Postage and Delivery	1,886	752
Telephone	574	544
Professional Services	2,400	2,400
Spine Tax Expense	4,812	3,212
Rate and Trash Expense	428	658
Depreciation Expense	5,792	5,792
Equipment Rental	14	258
Miscellaneous Expense	83	78
TOTAL OPERATING EXPENSES	171,889	191,642
NON-OPERATING EXPENSE:		
Interest Expense	9,213	4,888
TOTAL OPERATING AND NON-OPERATING EXPENSES	181,102	196,530
NET INCOME	28,781	81,725
RETAINED EARNINGS - (DEFICIT) - BEGINNING OF YEAR	82,885	84,811
RETAINED EARNINGS - (DEFICIT) - END OF YEAR	111,666	166,536

See accompanying notes and the auditor's report

MOUNT OLIVE WATERWORKS DISTRICT
LINCOLN PARISH, LOUISIANA
Notes to the Financial Statements

For the Year Ended December 31, 1997 and 1996

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mount Olive Waterworks District is a component unit of the Police Jury of Lincoln Parish. The District was created by Ordinance No. 312 dated September 14, 1985, to provide water services to residents within the District. The District is governed by a Board of five 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

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

Water Systems	-	25 years
Equipment	-	7 years

MOUNT OLIVE WATERWORKS DISTRICT
LINCOLN PARISH, LOUISIANA
Notes to the Financial Statements

C. Inventories

Inventory is valued at the lower of cost or market on a first-in, first-out basis. At December 31, 1997 and December 31, 1996 there was no inventory on hand.

NOTE 2. CASH

Cash consisted of demand deposits of \$ 3,804 at December 31, 1997 and \$ 8,250 at December 31, 1996. 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 is sufficient to secure these deposits. The cash balances at December 31, 1997 and December 31, 1996 were both fully secured by Federal Deposit Insurance.

NOTE 3. ACCOUNTS RECEIVABLE

At December 31, 1997 and December 31, 1996, the District's accounts receivable for water services were \$ 16,511 and \$ 17,537 respectively. An allowance for uncollectible receivables was \$ 1,014 was established at December 31, 1997.

NOTE 4. PROPERTY, PLANT AND EQUIPMENT

A summary of proprietary fund type property, plant and equipment as of December 31, 1997 and 1996 follows:

	1997	1996
Water System Equipment	268,000	268,000
Furniture and Fixtures	4,200	4,200
Land	5,000	5,000
Sub-total	277,200	277,200
Less: Accum. Depreciation	(118,650)	(118,650)
TOTAL	158,550	158,550

MOUNT OLIVE WATERWORKS DISTRICT
LINCOLN PARISH, LOUISIANA
Notes to the Financial Statements

No records of fixed assets were kept for the period 1966 through 1990. The initial cost of the waterworks system was determined by the Farmer's Home Administration. It was placed in service in 1967. All other capital expenditures were reviewed and capitalized when appropriate.

NOTE 5. LONG-TERM DEBT

The long-term obligations of the Mount Olive Waterworks District consist of a Revenue Promissory Note dated October 25, 1988, and a Water Revenue Bond with the Farmer's Home Administration which was dated January 23, 1992. The proceeds of the Bond issue was used for improvements to the system.

1. Water Revenue Promissory Note principal amount \$81,000.00.

Ending Balance 12/31/88	Decrease	Balance At 12/31/90	Decrease	Balance At 12/31/92
<u>\$81,021</u>	<u>\$0</u>	<u>\$81,021</u>	<u>\$0,570</u>	<u>\$80,451</u>

Required annual principal and interest payments on the fully amortized promissory note as of December 31, 1992 for the five years following are:

Year Ending	Amount
1993	\$4,033.00
1994	4,033.00
2000	4,033.00
2001	4,033.00
2002	4,033.00
Thereafter	18,142.00
Total Obligation	38,307.00
Interest	\$,854.00
Principal	<u>\$,27,453</u>

MOUNT OLIVE WATERWORKS DISTRICT
LINCOLN PARISH, LOUISIANA
Notes to the Financial Statements

2. Water Revenue Bonds bear interest at 5.344% on principal \$77,248.

Ending Balance 12/31/95	Increase	Balance 12/31/96	Decrease	Balance 12/31/97
\$72,748	\$0	\$72,748	\$0	\$72,748

NOTE 6. COMPENSATED ABSENCES

Vacation pay and sick leave are not accrued because they do not vest. They are expensed when paid.

NOTE 7. INCOME TAXES

The District has tax-exempt status as a governmental organization.

NOTE 8. LITIGATION

At December 31, 1997 and 1996, no litigation was pending involving the District.

Bobby Gray

CERTIFIED PUBLIC ACCOUNTANT

• Accounting Services

• Payroll Tax Services

• Management Advisory Services

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American Institute of Certified Public Accountants • Society of Economic Certified Public Accountants

ATTESTATION REPORT Independent Accountant's Report on Applying Agreed-Upon Procedures

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

I have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the Board of Commissioners of the Mount Olive Waterworks District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Mount Olive Waterworks District's compliance with certain laws and regulations during the years ended December 31, 1997 and December 31, 1996 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the years for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211 - 2251 (the public bid law).

In examining expenditures per the records of the Mount Olive Waterworks District for the years 1997 and 1996, I found no expenditures which exceeded \$15,000 for materials and supplies nor any which exceeded \$100,000 for public works. Therefore, no problems were found which did not comply with the provisions of LSA-RS 38:2211 - 2251.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each commissioner as defined by LSA-RS 42:1101 - 1104 (the code of ethics), and a list of outside business interests of all commissioners and employees, as well as their immediate families.

Management provided me with the required list.

3. Obtain from management a listing of all employees paid during the periods under examination.

Management provided me with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (2) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management (agreed-upon procedure (2)) appeared on the list provided by management in agreed-upon procedure (2) except one Commissioner, who is the husband of a secretary. The Board of Commissioners also removed Mr. Harboe from the Commission at the request of the Lincoln Parish Police Jury, effective December 1997. This was a part of the minutes of the December 30, 1997 Board meeting.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided me with a copy of the original budgets for 1997 and 1998. There were no amendments to the budgets during either year.

6. Trace the budget adoption and amendments to the minute book.

I traced the adoption of the original budgets for each year to the minutes of meeting held on 12/10/96 and 12/08/98 respectively. The minutes did reflect that the budgets had been adopted by the Commissioners of the Mount Olive Waterworks District by a unanimous vote in both years. No amendments were made to the budget during either year.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if the actual revenues or expenditures exceed budgeted amounts by more than 5%.

I compared the revenues and expenditures of the final budget to actual revenues and expenditures for both years. Actual revenues and expenditures for 1997 did not exceed budgeted amounts by more than 5%.

Accounting and Reporting

- B. Randomly select 6 disbursements made during each of the periods under examination and: (a) trace payments to supporting documentation as to proper amount and payee;

I examined supporting documentation for each of the six selected disbursements for 1997 and six for 1998 and found that payment was for the proper amount and made to correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account;

All of the payments were properly coded to the correct fund and general ledger account.

() determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements yielded no authorization other than the signatures of the Commissioner's. I asked management about this and they indicated that they would formalize documentation of approval for disbursements.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

I was not able to confirm that such notices were indeed posted and they were not called out as agendas in the actual minutes. However, management has assured me that did comply with this requirement.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I inspected copies of all bank statements and deposit slips for the periods under examination and found no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness. However, I did note in the December 1997 minutes that it was suggested that a loan be secured on a short term basis. That suggestion was made in the form of a motion and passed. I discovered that a loan was subsequently procured on January 7, 1998 in the amount of \$ 15, 040.00 at a rate of 12.00% for a term of 12 months at \$ 892.98 per month.

Advances and Bonuses

Examine payroll records and minutes of the district for the years to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes for the periods under examination and a review of payroll records showed no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of Mount Olive Waterworks District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.


Certified Public Accountant
June 29, 1998

SUPPLEMENTAL INFORMATION

**MOUNT OLIVE WATERWORKS DISTRICT
LINCOLN PARISH, LOUISIANA**

Status of Prior Years Findings

For the Years Ended December 31, 1995 and 1994

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, and \$ 22.00 per month to the Contingency Fund. Unleaded.

ARLONT ALPHE WATERWORKS DISTRICT
POST OFFICE BOX 583
GRAMBLING, LOUISIANA 71245

JUNE 28, 1998

Dr. Darrel G. Kyle, CPA, CFE
Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

RE: CORRECTIVE ACTION PLAN

Dear Dr. Kyle:

An audit performed by Mr. Louis Bradley, CPA for the years ended December 31, 1995 and 1996 resulted in a finding regarding our failure to make minimum required payments to the Sinking Fund, Contingency Fund, and Reserve Fund as mandated by the debt instruments. This point was again brought to our attention by Mr. Bobby Gray, CPA, CFE in the process of compiling our financial statements for the years 1997 and 1998. Mr. Gray informed us of the serious nature of this matter and advised us to implement corrective action.

We have since contacted the Farmers Home Administration's Rural Development Section and have made arrangements to begin making the required payments as soon as possible. The Farmers Home Administration accepted our proposal and we will immediately begin to make such deposits until the requirements of the debt instruments are satisfied.

Sincerely,



Samuel Walton
System Manager