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WATERWORKS DISTRICT NO. 1 OF  
CADDO PARISH, LOUISIANA  
GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JULY 31, 1998

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 10-21-98

WATERWORKS DISTRICT NO. 1 OF  
CADDO PARISH, LOUISIANA

Financial Statements  
Year Ended July 31, 1998

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LARRY G. TAYLOR  
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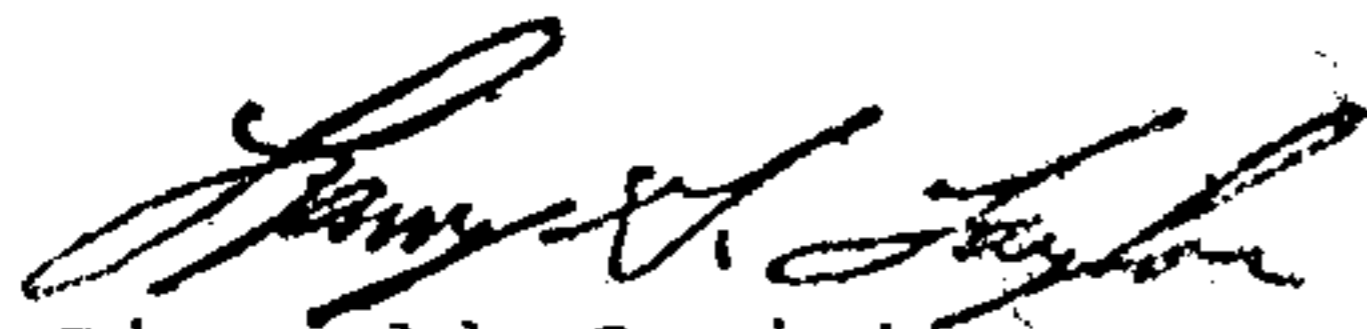
Board of Commissioners  
Waterworks District No. 1  
of Caddo Parish, Louisiana  
Oil City, Louisiana

I have compiled the accompanying general purpose financial statements of the Waterworks District No. 1 of Caddo Parish, Louisiana, as of and for the year ended July 31, 1998, as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

In accordance with the Louisiana Governmental Audit Guide and Statements on Standards for Attestation Engagements issued by the American Institute of Certified Public Accountants, I have also issued a report, dated September 15, 1998, on applying agreed-upon procedures relating to the assertions contained in the Louisiana Attestation Questionnaire.

The additional information listed as Exhibits A and B in the table of contents is presented for purposes of additional information and is not a required part of the financial statements of the Waterworks District No. 1 of Caddo Parish, Louisiana. The information in these schedules has been subjected to the same procedures applied in the compilation of the general purpose financial statements.



Ringgold, Louisiana  
September 15, 1998

WATERWORKS DISTRICT NO. 1 OF  
CADDO PARISH, LOUISIANA

Balance Sheet  
July 31, 1998

A S S E T S

	1998
Current Assets:	-----
Cash	\$ 210,858
Accounts receivable	26,890
Prepaid expenses	6,827
	-----
Total current assets	244,575
	-----
Restricted Assets:	
Cash	7,430
Investments, at cost	35,400
	-----
Total restricted assets	42,830
	-----
Fixed Assets:	
Property, plant and equipment	1,334,976
Less: accumulated depreciation	1,028,159
	-----
Net fixed assets	306,817
	-----
Total assets	\$ 594,222
	=====

See accompanying notes and accountant's compilation report.

LIABILITIES AND EQUITY

	1998
Liabilities:	-----
Current Liabilities (payable from current assets):	
Accounts payable	\$ 8,810
Taxes payable	970
	-----
Total current liabilities (payable from current assets)	9,780
	-----
Current Liabilities (payable from restricted assets):	
Customer deposits	42,830
	-----
Total current liabilities (payable from restricted assets)	42,830
	-----
Long-term Liabilities (net of current portion):	
Notes payable	0
	-----
Total liabilities	52,610
	-----
Equity:	
Retained Earnings:	
Unreserved	541,612
	-----
Total equity	541,612
	-----
Total liabilities and equity	\$ 594,222
	=====

See accompanying notes and accountant's compilation report.

WATERWORKS DISTRICT NO. 1 OF  
CADDO PARISH, LOUISIANA

Exhibit 2

Statement of Revenues, Expenses and Changes in Retained Earnings  
Year Ended July 31, 1998

	1998
	-----
Operating Revenues:	
Water sales	\$ 221,669
Sewer collection fees	5,400
Connection fees	2,925
Service charges	14,088
Fire hydrant rental	1,200
Miscellaneous	2,980
Fines	269
Penalties	7,001
	-----
Total operating revenues	255,532
	-----
Operating Expenses:	
Lab fees	175
Bad debts	101
Certification	240
Chemicals	40,980
Commissioners expense	4,410
Depreciation	68,103
Distribution system	7,702
Equipment repair	1,640
Gas, oil, diesel	2,440
Insurance	13,513
Legal and accounting	4,381
Miscellaneous	4,033
Office	3,132
Payroll taxes	6,379
Plant Maintenance	15,262
Tools and supplies	3,531
Truck and backhoe	6,847
Utilities	13,708
Consulting Fees	385
Sludge removal	1,344
Wages	83,042
	-----
Total operating expenses	281,348
	-----
Net income from operations	\$( 25,816)

(continued)

See accompanying notes and accountant's compilation report.

WATERWORKS DISTRICT NO. 1 OF  
CADDO PARISH, LOUISIANA

Exhibit 2  
(cont'd)

Statement of Revenues, Expenses and Changes in Retained Earnings  
Year Ended July 31, 1998

	1998
Nonoperating Revenues (Expenses):	
Ad valorem taxes	\$ 15,528
Revenue sharing	683
Interest income	8,068
	-----
Total nonoperating revenues (expenses)	24,279
	-----
Net income (loss)	\$ ( 1,537)
Retained earnings at beginning of year	543,149
	-----
Retained earnings at end of year	\$ 541,612
	=====

See accompanying notes and accountant's compilation report.

WATERWORKS DISTRICT NO. 1 OF  
CADDO PARISH, LOUISIANA

Exhibit 3

Statement of Cash Flows  
Year Ended July 31, 1998

Cash Flows from Operating Activities:	
Cash received from customers	\$ 212,836
Cash paid to suppliers for goods and services	(132,569)
Cash payments to employees for services	( 83,042)
Other operating revenues	33,863
	-----
Net cash provided by operating activities	31,088
	-----
Cash Flows from Noncapital Financing Activities:	
Ad valorem taxes received	15,528
Revenue sharing	683
	-----
Net cash provided by noncapital financing activities	16,211
	-----
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	( 16,148)
	-----
Net cash used for capital and related financing activities	( 16,148)
	-----
Cash Flows from Investing Activities:	
Interest on investments	8,068
	-----
Net cash provided by investing activities	8,068
	-----
Net increase in cash	\$ 39,219
Cash at beginning of year (including \$41,130 in restricted accounts)	214,469
	-----
Cash at end of year (including \$42,830 in restricted accounts)	\$ 253,688
	=====

(continued)

See accompanying notes and accountant's compilation report.



WATERWORKS DISTRICT NO. 1 OF  
CADDO PARISH, LOUISIANA

Exhibit 3  
(Cont'd)

Statement of Cash Flows  
Year Ended July 31, 1998

Reconciliation of Operating Income to Net Cash  
Provided by Operating Activities

Operating income	\$( 25,816)
	-----
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation expense	\$ 68,103
Changes in Assets and Liabilities:	
(Increase) in accounts receivable	( 8,833)
Decrease) in prepaid insurance	3,877
(Decrease) in accounts payable	( 8,246)
Increase) in taxes payable	303
Increase in customers' deposits	1,700
	-----
Total adjustments	\$ 56,904
	-----
Net cash provided by operating activities	\$ 31,088
	=====

See accompanying notes and accountant's compilation report.

WATERWORKS DISTRICT NO. 1 OF  
CADDO PARISH, LOUISIANA  
Notes to Financial Statements  
As of and for the year ended July 31, 1998

Introduction:

The Waterworks District No. 1 of Caddo Parish, Louisiana (District) was established by the Caddo Parish Police Jury (Caddo Parish Commission) in 1948. The District is considered a special-purpose government and is fiscally independent of the Caddo Parish Commission. Although the Caddo Parish Commission, as elected officials, appoint six (6) of the eight (8) board members, the Caddo Parish Commission is not financially accountable for the District because their appointment authority is not substantive and the Caddo Parish commission does not have the ability to impose its will on the District. Therefore, the District is not considered a component unit of the Caddo Parish Commission.

The District provides water service to approximately 800 customers in the Oil City, Louisiana area and also collects sewer service charges for the Town of Oil City, Louisiana. The District owns and operates approximately 120,000 linear feet of water lines and a treatment plant.

The District has eight (8) Board members and they are compensated on a per diem basis.

The District has six employees.

1. Summary of Significant Accounting Policies:

A. Basis of presentation:

The accompanying general purpose financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting entity:

The District is the basic level of government which has financial accountability and control over all activities related to the District operations and services provided. The District is not included in any other governmental "reporting entity" as defined by GASB pronouncements. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14 which are included in the District's reporting entity.

C. Fund accounting:

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

WATERWORKS DISTRICT NO. 1 OF  
CADDO PARISH, LOUISIANA  
Notes to Financial Statements  
As of and for the year ended July 31, 1998

The Waterworks District No. 1 of Caddo Parish, Louisiana is accounted for using a proprietary fund. Proprietary funds are used to account for activities similar to those found in the private sector, where (a) the intent is that costs, including depreciation, of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, and (b) the determination of net income is necessary or useful to sound financial administration.

D. Basis of accounting:

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the balance sheet.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

E. Budgets:

Budgets are included in these financial statements for informational purposes as a management tool and are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

F. Bad debts:

Uncollectible amounts due from customers' receivables are charged against earnings at the time information becomes available which indicates the particular account is uncollectible. Although this method does not conform to generally accepted accounting principles, the amounts charged do not materially differ from those determined under generally accepted accounting principles.

G. Compensated absences:

Vacation policy of two weeks per year does not accrue and is not paid for if not taken. Therefore, no liability for compensated absences exists.

H. Restricted assets:

Restricted assets consists of cash in the meter fund checking account and in the meter fund certificate of deposit. The total amount to secure the meter deposits at July 31, 1998 is \$42,830.

WATERWORKS DISTRICT NO. 1 OF  
CADDO PARISH, LOUISIANA  
Notes to Financial Statements  
As of and for the year ended July 31, 1998

I. Fixed assets:

Fixed assets are stated at cost, and depreciation is provided in an amount sufficient to relate that cost to operations over the estimated service life.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related fixed assets, as applicable.

2. Cash:

Cash consists of amounts in demand deposits and interest-bearing checking accounts. All of this amount is secured by federal depository insurance.

3. Investments:

Investments consist of certificates of deposits in various banks and are stated at cost, all of which are secured by federal depository insurance.

4. Ad Valorem Taxes:

Taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the District on real and business personal property located within its boundaries. The taxes are levied on property values assessed by the Caddo Parish Tax Assessors and approved by the State of Louisiana Tax Commission. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year 1998, 5.79 mills were levied on property for the operation and maintenance of the water system.

WATERWORKS DISTRICT NO. 1 OF  
 CADDO PARISH, LOUISIANA  
 Notes to Financial Statements  
 As of and for the year ended July 31, 1998

5. Fixed Assets:

The following is a summary of changes in fixed assets during the fiscal year:

	<u>Balance</u> <u>July 31, 1997</u>		<u>Add</u>	<u>Delete</u>	<u>Balance</u> <u>July 31, 1998</u>
Land	\$ 5,000	\$		\$	\$ 5,000
Buildings 10-25 yr	816,686				816,686
Equipment 3-25 yrs.	<u>497,142</u>		<u>16,148</u>	<u>0</u>	<u>513,290</u>
 Totals	 \$1,318,828 =====	 \$	 16,148 =====	 \$ 0 =====	 \$ 1,334,976 =====

Fixed assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended July 31, 1998 was \$68,103.



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Board of Commissioners  
Waterworks District No. 1  
of Caddo Parish, Louisiana  
Oil City, Louisiana

I have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of the Waterworks District No. 1 of Caddo Parish, Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Waterworks District No. 1 of Caddo Parish, Louisiana's compliance with certain laws and regulations during the year ended July 31, 1998, 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, I 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. Selected all expenditures made during the year for material and supplies exceeding \$5,000, or public works exceeding \$50,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

I examined documentation which indicated that no expenditures were made during the year for materials and supplies exceeding \$5,000 and no expenditures were made for public works exceeding \$50,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined in LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided me with the required list including the noted information.

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

Management provided me with the requested list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedures (3) 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 procedures (3) appeared on the list provided by management in agreed-upon procedure (2).

#### Budgeting

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

Management provided me with a copy of the original and amended budget.

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

I traced the adoption of the original budget to the minutes of a meeting held on July 16, 1997, where the budget was unanimously adopted. All amendments were traced to the 1997/98 minutes records.

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

I compared the revenues and expenses of the final budget to actual revenues and expenses. Actual depreciation expense did exceed the budgeted amount by more than 5%.

#### **MANAGEMENT'S CORRECTIVE ACTION PLAN**

The Board stated that future budgets will provide for a larger depreciation amount comparable to the actual charge.

#### Accounting and Reporting

8. Randomly select 20 disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee;

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

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

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

(c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the twenty selected disbursements indicated approvals from the Board. In addition, each of the disbursements were traced to the minute book where they were reviewed and approved for payment by the full board.

#### Meetings

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

Management has asserted that such documents were properly posted on the door of the District's office building. I reviewed approved, dated documentation to support the assertions by management.

#### 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 deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

#### Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

A reading of the minutes of the District for the year indicated no approval for the payments noted. I also inspected payroll records for the year and noted no



instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

There were no prior year findings or management letter comments.

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 the Waterworks District No. 1 of Caddo Parish, Louisiana, 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.



Ringgold, Louisiana  
September 15, 1998

**Waterworks District No. 1**  
of  
**Caddo Parish, Louisiana**  
**Oil City, Louisiana**

**LOUISIANA ATTESTATION QUESTIONNAIRE**

**JULY 31, 1998**

Larry G. Taylor, CPA  
P.O. Box 722  
Ringgold, LA 71068

In connection with your compilation of our financial statements as of July 31, 1998, and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of July 15, 1998.

**Public Bid Law**

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes  No

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes  No

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119

Yes  No

**Budgeting**

We have complied with the state budgeting requirements of the Local Government budget Act (LSA-RA 39:1301-14) or the budget requirements of LSA-RS 39:43.

Yes  No

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes  No

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and /or 39:92, as applicable.

Yes  No

We have had our financial statements compiled in accordance with LSA-RS 24:513.

Yes  No

**Meetings**

We have complied with the provisions of the Open Meeting Law, provided in RS 42:1 through 42:12.

Yes  No

**Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, section 8 of the 1974 Louisiana Constitution, Article VI, section 33 of the 1974 Louisiana Constitution, and LSA-RS 47:1410.60.

Yes  No

**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 78-729.

Yes  No

We have disclosed to you all known noncompliance of the forgoing laws and regulations, as well as any contradictions to the forgoing representations. We have made available to you documentation relating to the forgoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the forgoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Dana B. Norris  
President

9-23-98  
Date

Charles Hensley  
Secretary

9-23-98  
Date

ADDITIONAL INFORMATION

WATERWORKS DISTRICT NO. 1 OF  
CADDO PARISH, LOUISIANA

Exhibit A

Statement of Revenues, Expenses and Changes in  
Retained Earnings - Budget and Actual  
Year Ended July 31, 1998  
With Comparative Amounts as of July 31, 1997

	1998		Variance- Favorable	1997
	Budget	Actual	(Unfavorable)	Actual
<b>Operating Revenues:</b>				
Water sales	\$ 218,000	\$ 221,669	\$ 3,669	\$ 209,604
Sewer collections	5,400	5,400	0	5,400
Connection fees	2,750	2,925	175	845
Service charges	13,500	14,088	588	15,430
Fire hydrant rental	1,200	1,200	0	1,200
Miscellaneous income	0	2,980	2,980	451
Fines	275	269	( 6)	362
Penalties	6,650	7,001	351	7,343
	<b>\$ 247,775</b>	<b>\$ 255,532</b>	<b>\$ 7,757</b>	<b>\$ 240,635</b>
<b>Operating Expenses:</b>				
Lab fees	\$ 190	\$ 175	\$ 15	\$ 375
Bad debts	0	101	( 101)	172
Certification	250	240	10	390
Chemicals	42,000	40,980	1,020	31,257
Commissioners expense	4,510	4,410	100	6,520
Depreciation	30,000	68,103	(38,103)	65,716
Distribution system	7,350	7,702	( 352)	6,934
Equipment repair	1,300	1,640	( 340)	1,114
Gas, oil and diesel	2,650	2,440	210	3,150
Insurance	14,000	13,513	487	13,649
Legal and accounting	4,400	4,381	19	3,730
Miscellaneous	3,000	4,033	( 1,033)	790
Office	3,150	3,132	18	2,545
Payroll taxes	6,400	6,379	21	6,072
Plant maintenance	16,750	15,262	1,488	11,285
Tools and supplies	3,450	3,531	( 81)	3,158
Truck and backhoe	5,610	6,847	( 1,237)	5,359
Utilities	12,900	13,708	( 808)	12,234
Wages	83,100	83,042	58	79,378
Consulting Fees	0	385	( 385)	500
Permits	475	0	475	0
Sludge	1,900	1,344	556	170
	<b>\$ 243,385</b>	<b>\$ 281,348</b>	<b>\$ ( 37,963)</b>	<b>\$ 254,498</b>
<b>Net income from operations</b>	<b>\$ 4,390</b>	<b>\$ ( 25,816)</b>	<b>\$ ( 30,206)</b>	<b>\$ (13,863)</b>

(continued)

WATERWORKS DISTRICT NO. 1 OF  
CADDO PARISH, LOUISIANA

Exhibit A  
(cont'd)

Statement of Revenues, Expenses and Changes in  
Retained Earnings - Budget and Actual  
Year Ended July 31, 1998  
With Comparative Amounts as of July 31, 1997

	1998		Variance- Favorable (Unfavorable)	1997
	Budget	Actual		Actual
Nonoperating Revenues (Expenses):				
Ad valorem taxes	\$ 15,550	\$ 15,528	\$ ( 22)	\$ 12,977
Revenue sharing	685	683	( 2)	670
Interest income	5,000	8,068	3,068	5,992
Gain on sale of lot	0	0	0	100
Interest expense	0	0	0	( 133)
Total nonoperating revenues (expenses)	\$ 21,235	\$ 24,279	\$ 3,044	\$ 19,606
Net income (loss)	\$ 25,625	\$ ( 1,537)	\$ (27,162)	\$ 5,743
Retained earnings at beginning of year	543,149	543,149	0	537,406
Retained earnings at end of year	\$ 568,774	\$ 541,612	\$ (27,162)	\$ 543,149



WATERWORKS DISTRICT NO. 1 OF  
CADDO PARISH, LOUISIANA

Exhibit B

Schedule of Per Diem of Commissioners  
Year Ended July 31, 1998

<u>Name</u>	<u>No. of days</u>	<u>Amount</u>
Clara Norris	11	660
Charles B. Rathburn	12	600
Pricilla Weaver	10	500
J. M. Tolbert	12	600
Virginia Sims	12	600
Charles R. Hensley	12	600
Hancell H. Dickey	11	550
Jeff Alborty	6	300
		-----
		\$ 4,410
		=====