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**TE MAMOU WATER DISTRICT**  
**FINANCIAL REPORT**

June 30, 1999

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 NOV 10 1999

**J. L. SONNIER**  
Certified Public Accountant  
Lafayette, Louisiana

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INDEPENDENT AUDITORS' REPORT

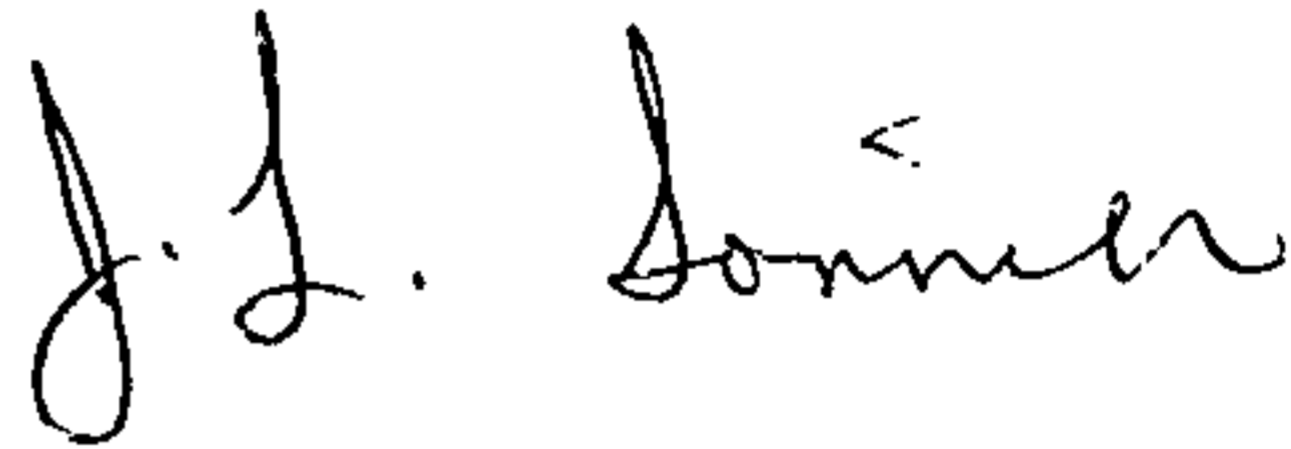
Members of the Board  
Te Mamou Water District  
Ville Platte, Louisiana

I have audited the accompanying general purpose financial statements of the Te Mamou Water District, a component unit of the Evangeline Parish Police Jury, as of and for the years ended June 30, 1999, and 1998. These general purpose financial statements are the responsibility of the Te Mamou Water 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. 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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 general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Te Mamou Water District, a component unit of the Evangeline Parish Police Jury, as of June 30, 1999, and 1998, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

My audit was performed for the purpose of forming an opinion on the primary government financial statements taken as a whole. The year 2000 supplementary information on page 15 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and do not express an opinion on it. In addition, I do not provide assurance that the District is or will become year 2000 compliant, that the District's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the District does business are or will become year 2000 compliant.

A handwritten signature in cursive script that reads "J. J. Sommer". The signature is written in black ink and is positioned to the right of the main text block.

October 15, 1999

TE MAMOU WATER DISTRICT

BALANCE SHEETS  
June 30, 1999 and 1998

ASSETS	<u>1999</u>	<u>1998</u>
Current Assets		
Cash on hand and in bank	181,355	342,440
Water sales receivable	26,236	23,177
Prepaid insurance	4,971	4,235
Total current assets	<u>212,562</u>	<u>369,852</u>
Plant and Equipment		
At cost net of accumulated depreciation (421,607 – 1999; 392,320 – 1998)	<u>770,074</u>	<u>933,020</u>
Total assets	<u>982,636</u>	<u>1,302,872</u>
<b>LIABILITIES AND FUND EQUITY</b>		
Liabilities		
Current Liabilities		
Accounts payable and accrued expense	1,020	146,730
Customer meter deposits	27,890	26,715
Certificates of indebtedness	25,098	23,000
Total current liabilities	<u>54,008</u>	<u>196,445</u>
Long Term Debt		
Certificates of indebtedness	<u>242,954</u>	<u>277,000</u>
Total liabilities	<u>296,962</u>	<u>473,445</u>
Fund Equity		
Contributed capital, net of accumulated amortization (187,000 – 1999; 175,500 – 1998)	387,983	399,483
Retained earnings – unreserved	<u>297,691</u>	<u>429,944</u>
Total fund equity	<u>685,674</u>	<u>829,427</u>
Total liabilities and fund equity	<u>982,636</u>	<u>1,302,872</u>

See Notes to Financial Statements.

TE MAMOU WATER DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS

Years Ended June 30, 1999 and 1998

	1999	1998
<b>OPERATING REVENUES</b>		
Charges for services –		
Water sales	154,758	151,950
Installations and services charges	4,806	6,694
Miscellaneous	1,859	2,244
Total operating revenues	<u>161,423</u>	<u>160,888</u>
<b>OPERATING EXPENSES</b>		
Salaries	29,710	22,018
Contract labor	8,451	7,734
Payroll taxes	4,198	3,515
Directors' compensation	32,475	35,647
Depreciation	33,299	37,015
Utilities	15,651	14,468
Insurance	6,916	5,410
Vehicle expense	–	1,041
Repairs and maintenance	18,632	31,661
Bad debts	–	4,334
Legal and accounting	3,558	8,200
Office expense	3,211	2,135
Miscellaneous	11,310	3,764
Total operating expenses	<u>167,411</u>	<u>176,942</u>
Operating income (loss)	<b>(5,988)</b>	<b>(16,054)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest on investments	5,464	1,513
Interest on debt	<u>(14,777)</u>	<u>(820)</u>
Loss from continuing operations	<b>(15,301)</b>	<b>(15,361)</b>
Loss from well abandonment (Note 8)	<u>(128,452)</u>	<u>–</u>
Net Loss	<b>(143,753)</b>	<b>(15,361)</b>
Add back depreciation on assets purchased with contributed capital	11,500	11,500
Retained earnings beginning of year	<u>429,944</u>	<u>433,805</u>
Retained earnings end of year	<u>297,691</u>	<u>429,944</u>

See Notes to Financial Statements.

TE MAMOU WATER DISTRICT  
**STATEMENTS OF CASH FLOWS**  
 Years Ended June 30, 1999 and 1998

	1999	1998
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income	(5,988)	(16,054)
Adjustments to reconcile operating income to net cash provided by operations –		
Depreciation	33,299	37,015
(Increase) decrease in:		
Accounts receivable	(3,059)	(1,090)
Prepaid expenses	(736)	(689)
Increase (decrease) in:		
Accounts payable and accrued expenses	(133,621)	107,071
Customer meter deposits	1,175	640
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(108,930)</b>	<b>126,893</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest earned on investments	5,464	1,513
Purchase of certificates of deposit	–	–
Certificate of deposit maturities	–	5,000
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>5,464</b>	<b>6,513</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Bonds proceeds	–	300,000
Purchases of plant and equipment	(10,894)	(147,844)
Interest on bonds	(14,777)	(820)
Payments on long-term debt	(31,948)	–
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<b>(57,619)</b>	<b>151,336</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(161,085)</b>	<b>284,742</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>342,440</b>	<b>57,698</b>
<b>CASH AT END OF YEAR</b>	<b>181,355</b>	<b>342,440</b>
<b>OTHER CASH FLOW DISCLOSURE</b>		
Cash Interest payments	15,597	–
Noncash capital activities (Note 8)	124,685	–

See Notes to Financial Statements.

TE MAMOU WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1999 and 1998

1. Summary of Significant Accounting Policies

The financial and reporting policies of the Te Mamou Water District ("the District") conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the guidelines set forth in the Louisiana Municipal Audit and Accounting Guide and to the industry audit guide, Audits of States and Local Governmental Units. The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 are applied unless they conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The following is a summary of certain significant accounting policies:

Nature of Operations. The District provides water to approximately 625 customers.

Reporting Entity. As the governing entity for the parish, for reporting purposes, the Evangeline Parish Police Jury is the financial reporting entity for Evangeline Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Evangeline Parish Police Jury 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
  - a. The ability of the police jury to impose its will on that organization and/or
  - b. 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.



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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.

Because the police jury appoints the District's board members and has the ability to impose its will on the District, the District was determined to be a component of the Evangeline Parish Police Jury, the financial reporting entity. 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 financial reporting entity.

Fund Accounting. The accounts of the Board are organized into one enterprise fund. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenses.

Fixed Assets and Long-Term Liabilities. The enterprise fund is accounted for on a cost-of-services, or "capital-maintenance," measurement focus, and all assets and liabilities (whether current or noncurrent) associated with its activity are included on its balance sheet.

Depreciation of all exhaustible fixed assets used by the enterprise fund is charged as an expense against its operations, and accumulated depreciation is reported on its balance sheet. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Distribution and treatment system	10-50 years
Office building	32 years
Office equipment	7-10 years

The plant assets of the enterprise fund currently in use were acquired over many years at price levels which were lower than current price levels. The portion of the original cost of these assets allocated to depreciation expense each year and used in determining profit was, therefore, substantially lower than if a provision had been made on the basis of current replacement price levels.

All fixed assets are stated at historical cost. Construction period interest, when significant, is capitalized. No interest costs were capitalized in the current year.

Accounts Receivable. The District utilizes the direct write-off method for accounts receivable becoming worthless during the year. No allowance for uncollectible accounts receivable was made due to immateriality.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Cash. The District considers only cash on hand and in interest and noninterest-bearing checking accounts to be cash for purposes of the statement of cash flows.

Basis of Accounting. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The enterprise fund is accounted for using the accrual basis of accounting, whereby revenues are recognized when they are earned, and expenses are recognized when incurred.

Deposits and Investments. Investments are stated at cost. The District currently invests only in certificates of deposits. As of June 30, 1999, the District had uncollateralized bank deposits in excess of FDIC insurance totaling 192,952 which were secured with securities held in the name of the pledging bank. Pledged securities include uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the District's name. Even though the pledged securities are considered uncollateralized, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

Under state law, the District may deposit funds in demand or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

The District may invest in bonds, debentures, notes and other evidences of indebtedness backed by the full faith and credit of the U. S. government or are issued or guaranteed by U. S. government instrumentalities which are federally sponsored. Certain collateral mortgage obligation derivatives, inverse floaters, and structured notes are prohibited.

Dollar Signs. All numeric data in the financial statements and accompanying notes are presented in U. S. dollars. Dollar signs have been omitted.

**2. Summary of Plant and Equipment**

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Depreciation This Year</u>
Distribution and treatment system	1,116,209	402,150	714,059	31,498
Office building	18,041	5,571	12,470	581
Office equipment	17,354	13,886	3,468	1,220
Construction in progress	<u>40,077</u>	<u>-</u>	<u>40,077</u>	<u>-</u>
	<u>1,191,681</u>	<u>421,607</u>	<u>770,074</u>	<u>33,299</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

During 1999 and 1998, 11,500 of depreciation expense related to assets acquired with contributed capital was charged against the contributed capital account.

Additions to property plant and equipment totaled 10,894 and 147,844 in 1999 and 1998 respectively.

Construction in progress at June 30, 1999 consisted of costs incurred to drill a new water well. Estimated cost to complete the project is \$175,000.

3. Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Te Mamou Water District for the year ended June 30, 1999:

Long-term debt at July 1, 1998	300,000
Bonds issued	-
Debt retired	<u>31,948</u>
Long-term debt at June 30, 1999	<u>268,052</u>

General obligation debt

300,000 Certificate of Indebtedness Series 1998 dated 6/1/98, due in annual installments of 25,000 to 36,000 through February 1, 2008, bearing interest at 5.25 percent. The Certificate is secured by a pledge and dedication of the excess of annual revenue of the District above statutory, necessary and usual charges.

268,052

The annual requirement to amortize debt outstanding as of June 30, 1999, including interest of 66,148 follows:

<u>Year Ending June 30,</u>	
2000	38,572
2001	38,572
2002	38,572
2003	38,572
2004	38,572
2005-2008	<u>141,340</u>
Total	<u>334,200</u>

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 4. Retirement System

The District maintains no retirement system.

### 5. Compensated Absences

No accrual has been made for vacation or sick pay due to the insignificance of the amounts involved.

### 6. Board Member Compensation

The board of commissioners is comprised of five members. The members' compensation varies based on the duties and responsibilities of their office. Board member compensation totaled 32,475 and 35,647 during 1999 and 1998 respectively.

### 7. Risk Management

The district is exposed to risks of loss in the areas of general and auto liability, property hazards, and workers' compensation. Those risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the current fiscal year. Settlements have not exceeded insurance coverage during the three year period ended June 30, 1999.

### 8. Loss on Well Abandonment

During fiscal year ended June 30, 1999, the District drilled two test wells in the course of drilling a new water well. The wells did not produce water of acceptable quality and were abandoned. In addition, an existing well with remaining book value of \$28,084 failed and was abandoned.

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS***

Members of the Board of Directors  
Te Mamou Water District  
Ville Platte, Louisiana

I have audited the general purpose financial statements of Te Mamou Water District, a component unit of Evangeline Parish Police Jury, as of and for the year ended June 30, 1999 and have issued my report thereon dated October 15, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

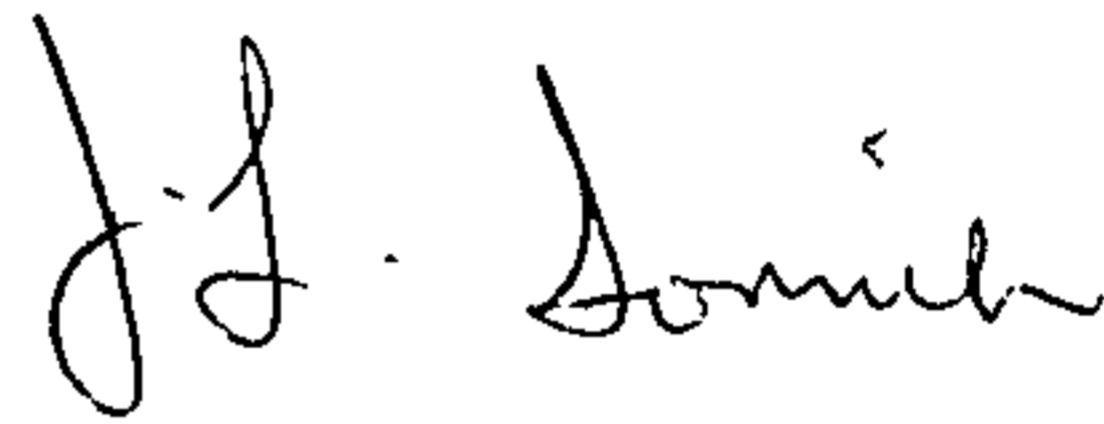
As part of obtaining reasonable assurance about whether Te Mamou Water District's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, 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*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Te Mamou Water District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Te Mamou Water District's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable conditions noted are described in the accompanying schedule of audit findings as item 99-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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 over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe reportable condition 99-1 is a material weakness.

This report is intended solely for the information and use of the Board of Directors, management, the Evangeline Parish Police Jury and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script, appearing to read "J. J. Somich".

October 15, 1999

TE MAMOU WATER DISTRICT

Schedule of Prior and Current Audit Findings and  
Management's Corrective Action Plan  
Year Ended June 30, 1999

**I. Prior Year Findings:**

**Compliance**

There are no findings that are required to be reported under the above.

**Internal Control Over Financial Reporting**

**Item 98-1 - Inadequate Segregation of Accounting Functions**

**Finding:**

Due to the small number of employees, the District did not have adequate segregation of functions within the accounting system.

**Status:**

Unresolved. See item 99-1.

**Item 98-2 - Collateralization of Bank Deposits**

**Finding:**

The District does not have a procedure in place to monitor the adequacy of collateralization of bank deposits.

**Status:**

The policy was implemented, and collateral pledged was adequate as of June 30, 1999.

**II. Current Year Findings and Management's Corrective Action Plan:**

**Compliance**

There are no findings that are required to be reported under the above.

**TE MAMOU WATER DISTRICT**

**Schedule of Prior and Current Audit Findings and  
Management's Corrective Action Plan  
Year Ended June 30, 1999**

**Internal Control Over Financial Reporting**

**Item 99-1 - Inadequate Segregation of Accounting Functions**

**Finding:**

Due to the small number of employees, the District did not have adequate segregation of functions within the accounting system.

**Management's corrective action plan:**

Management has determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.



## TE MAMOU WATER DISTRICT

Year 2000 Issue (unaudited)  
June 30, 1999

### Impact of Year 2000 on Computer Programs (Unaudited)

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. Any of the District's computer programs that have time sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations, including among other things, a temporary inability to process transactions or engage in similar normal business activities.

The District has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting District operations and have identified such systems as being fund accounting, payroll, and utility billing.

- All applications have been assessed and remediated.
- No testing has been performed on the new hardware and software.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be year 2000 ready. The District is utilizing external resources to identify and test the systems for Year 2000 compliance.