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**MAITLAND WATERWORKS DISTRICT
CATAHOULA PARISH
Clayton, Louisiana**

**Component Unit Financial Statements
and Auditor's Reports**

**June 30, 1999
and for the Year then Ended**

(With comparative figures at June 30, 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 OCT 20 1999

JERI SUE TOSSPON
Certified Public Accountant

MAITLAND WATERWORKS DISTRICT
CATAHOULA PARISH
Clayton, Louisiana

Component Unit Financial Statements
and Auditor's Reports

June 30, 1999
and for the Year then Ended

(With comparative figures at June 30, 1998)

MAITLAND WATERWORKS DISTRICT

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SECTION I

COMPONENT UNIT FINANCIAL STATEMENTS

REPORT ON COMPONENT UNIT FINANCIAL STATEMENTS

JERI SUE TOSSPON
Certified Public Accountant
P O Box 445
Ferriday, Louisiana 71334-0445
(318)757-9393 Fax (318)757-4185
jtosspon@iamerica.net

INDEPENDENT AUDITOR'S REPORT

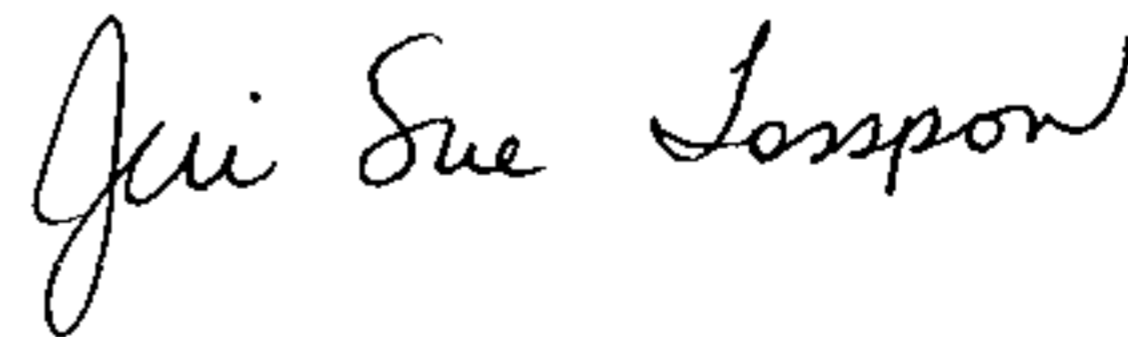
The Board of Commissioners
Maitland Waterworks District
Clayton, Louisiana

I have audited the accompanying financial statements of the Maitland Waterworks District, a component unit of the Catahoula Parish Police Jury, State of Louisiana, as of June 30, 1999 and for the year then ended. These financial statements are the responsibility of the Waterworks District's management. My responsibility is to express an opinion on these 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 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 statements 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 Maitland Waterworks District, as of June 30, 1999, and the results of its operations and the cash flows 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 September 7, 1999 on my consideration of the District's internal control structure and on its compliance with laws and regulations.



Ferriday, Louisiana
September 7, 1999

**MAITLAND WATERWORKS DISTRICT
BALANCE SHEET
(PROPRIETARY FUND TYPE -ENTERPRISE)**

June 30, 1999

(With comparative figures from year end June 30, 1998)

	<u>ASSETS</u>		<u>LIABILITIES, CONTRIBUTIONS AND RETAINED EARNINGS</u>	
	Year Ended June 30,		Year Ended June 30,	
	1999	1998	1999	1998
Current Assets				
Cash (Note 3)	\$ 3,407	\$ 4,189	\$ 2,168	\$ 1,394
Accounts receivable, water sales	8,313	9,320	204	204
Prepaid expenses	25	26	395	445
Total current assets	<u>\$ 11,745</u>	<u>\$ 13,535</u>	<u>\$ 2,767</u>	<u>\$ 2,043</u>
Restricted Assets (Notes 3 and 4)				
Bond Sinking Fund:				
Cash	9,953	10,436	3,923	3,523
Bond Reserve Account:				
Certificates of deposit	19,649	19,649	9,655	9,776
Bond Contingency Account:				
Cash	5,395	4,100	13,578	13,299
Certificates of deposit	28,190	25,164		
Total restricted assets	<u>\$ 63,187</u>	<u>\$ 59,349</u>	<u>\$ 257,440</u>	<u>\$ 261,624</u>
Property, Plant and Equipment (Note 5)				
Property, plant and equipment	924,547	924,547	273,785	276,966
Less accumulated depreciation	296,562	272,223	677,100	677,100
Net property, plant & equipment	<u>\$ 627,985</u>	<u>\$ 652,324</u>	<u>\$ 677,100</u>	<u>\$ 677,100</u>
Other Assets				
Utility deposits	700	700	29,602	30,085
Unamortized bond costs	3,322	3,443	(270,567)	(251,709)
Unamortized organization costs	2,981	3,091	(240,965)	(221,624)
Total other assets	<u>\$ 7,003</u>	<u>\$ 7,234</u>	<u>\$ 709,920</u>	<u>\$ 732,442</u>
TOTAL ASSETS	<u>\$ 709,920</u>	<u>\$ 732,442</u>	<u>\$ 709,920</u>	<u>\$ 732,442</u>

See accompanying notes to financial statements.

MAITLAND WATERWORKS DISTRICT
STATEMENT OF REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 1999
(With comparative figures from year ended June 30, 1998)

	Year ended June 30,	
	1999	1998
Operating Revenues		
Water sales and late fees	\$ 75,027	\$ 70,051
Meter fees	1,910	2,745
Other income		
	<hr/>	<hr/>
Total operating revenue	\$ 76,937	\$ 72,796
Operating Expenses		
Salaries	\$ 18,799	\$ 17,449
Payroll taxes	1,627	1,512
Water system operation	14,611	14,567
Utility expense	12,752	14,983
Office expense and operations	5,075	4,348
Insurance	3,845	3,905
Professional fees	2,010	2,075
Well site rent	1	1
Depreciation	24,339	24,339
Amortization	231	231
	<hr/>	<hr/>
Total operating expense	\$ 83,290	\$ 83,410
Net Income (Loss) from Operations	\$ (6,353)	\$ (10,614)
Other Revenue and (Expense)		
Interest income	\$ 2,756	\$ 2,623
Interest expense	(15,744)	(15,885)
	<hr/>	<hr/>
Total other revenue (expense)	\$ (12,988)	\$ (13,262)
NET INCOME (LOSS)	<u>\$ (19,341)</u>	<u>\$ (23,876)</u>

See accompanying notes to financial statements.

**MAITLAND WATERWORKS DISTRICT
STATEMENT OF CHANGES IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 1999
(With comparative figures from year ended June 30, 1998)**

	Year ended June 30,	
	1999	1998
Retained earnings, July 1	\$ (221,624)	\$ (197,748)
Add:		
Net income (loss)	(19,341)	(23,876)
Retained earnings, June 30	\$ (240,965)	\$ (221,624)

See accompanying notes to financial statements.

**MAITLAND WATERWORKS DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 1999**

Cash flows from operating activities			
Cash received from water sales		\$ 77,943	
Interest income received		2,756	
Cash paid to suppliers and employees		(57,995)	
Interest expense paid		<u>(15,865)</u>	
Net cash provided by operating activities			\$ 6,839
Cash flows from financing activities			
Principal paid on notes payable		<u>\$ 4,184</u>	
Net cash used by financing activities			<u>(4,184)</u>
Net increase (decrease) in cash			\$ 2,655
Cash at beginning of year			<u>63,538</u>
Cash at end of year			<u><u>\$ 66,193</u></u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income			\$ (19,341)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation		\$ 24,339	
Amortization		232	
Change in assets and liabilities:			
Increase in accounts receivable	\$ 1,006		
Decrease in accounts payable	724		
Decrease in accrued interest payable	<u>(121)</u>	<u>1,609</u>	<u>26,180</u>
Net cash provided by operating activities			<u><u>\$ 6,839</u></u>

See accompanying notes to financial statements

MAITLAND WATERWORKS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 1 - INTRODUCTION

The Maitland Waterworks District is a component unit of the Catahoula Parish Police Jury. It was created by the Police Jury by Ordinance in 1981 to serve the rural areas of eastern Catahoula Parish, under R.S. 33:3811. The Waterworks District is governed by a Board of Commissioners who are appointed by the members of the Police Jury. The Board consists of five members, each serving five year terms.

The Waterworks District serves approximately 260 consumers with a staff of two part-time employees. They maintain 99 miles of water lines, supplying over 15,000,000 gallons of water annually from one well.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation - The accompanying financial statements 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 - As the governing authority of the parish, for reporting purposes, the Catahoula Parish Police Jury is the financial reporting entity for Catahoula 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 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 Catahoula Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit with 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.
 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 a voting majority of the Waterworks District's board and said board is fiscally dependent on the police jury, the district was determined to be a component unit of the Catahoula 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.

C. Fund Accounting - The accounts of Maitland Waterworks District are organized on the basis of a single proprietary fund type, the enterprise fund. Enterprise funds are used to account for operations in a manner similar to private business enterprises where the costs (expense, including depreciation) of providing sewerage services to the general public on a continuing basis are financed through user charges.

D. Basis of Accounting - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. 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. Fund equity is segregated into contributed capital and retained earnings components.

The proprietary fund is accounted for using the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Bad debts are recognized when they become uncollectible.

E. Cash and Certificates of Deposit - Cash includes amounts in demand deposits. The District conducts all its banking transactions with one state-chartered institution in Catahoula Parish.

At June 30, 1999, the Maitland Waterworks District had \$68,879 (banks' balance) on deposit at this financial institution.

All cash and certificates of deposit are deposited in financial institutions insured by an agency of the United States Government.

F. Inventories - Inventories of materials and supplies are considered to be expenditures at the time of purchase. Amounts on hand at the financial statement date are immaterial and, therefore, are not included in the balance sheet.

G. Property, Plant and Equipment - Additions to the utility plant in service are recognized at cost, or if contributed property, at their estimated fair market value at the time of contribution. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation of fixed assets used by the Waterworks District is charged as an expense against their operations. Depreciation is calculated over the estimated useful life of the assets using the straight-line method as follows:

Buildings	40 years
Distribution system	40 years
Equipment	5-15 years

H. Amortization of Bond Expense and Organization Costs - The cost of issuance of bonds and the cost of organizing and legal advice during the creation of the District are being amortized using the straight-line method, over a 40 year period.

I. Reserves of Fund Equity - The Waterworks District records reserves to represent those portions of fund equity legally segregated for a specific future use. The following lists such reserves used by the Waterworks District:

Sinking Fund & Note Reserves	\$29,602
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J. Vacation and Sick Leave - The District does not have a formal leave policy for accumulation and vesting of vacation and sick leave. All vacation and sick days accumulated are forfeited upon resignation or dismissal. The days that are granted are included in salaries annually.

K. Pension Plans - The District does not have a retirement program for its employees and the employees are not members of the State of Louisiana Retirement System.

L. Income Taxes - Maitland Waterworks District is a special government district, and, as such, is not subject to federal or state income taxes.

NOTE 3 - CASH AND CERTIFICATES OF DEPOSIT

At June 30, 1999, the Waterworks District has cash and certificates of deposit totaling \$66,594 as follows:

Demand deposits	\$18,655
Certificates of deposit	47,839
Cash on hand	<u>100</u>
	<u>\$66,594</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent banks. At June 30, 1999, the Waterworks District had \$68,879 in collected bank balances. These deposits are secured from risk by \$200,000 of federal deposit insurance.

NOTE 4 - RESTRICTED ASSETS

Certain assets were restricted for debt service and construction. These assets consisted of and are restricted to the following:

Bond debt service	\$ 9,953
Bond sinking fund	19,649
Bond depreciation fund	<u>33,585</u>
	<u>\$63,187</u>

NOTE 5 - CHANGES IN FIXED ASSETS

A summary of the Waterworks District's property, plant and equipment and changes thereto follows:

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
Land and right of way easements	\$ 8,550	\$ -0-	\$ -0-	\$ 8,550
Distribution system, wells, tanks and fixtures	810,345			810,345
Office building, furniture, fixtures and equip.	<u>105,652</u>			<u>105,652</u>
	\$924,547	\$ -0-	\$ -0-	\$924,547
Less accumulated depreciation	<u>272,223</u>	<u>24,339</u>		<u>296,562</u>
	<u>\$652,324</u>	<u>\$24,339</u>	<u>\$ -0-</u>	<u>\$627,985</u>

NOTE 6 - CHANGES IN LONG-TERM DEBT

The following is a summary of the notes payable for the year ended June 30, 1999:

	Note <u>R-1</u>	Note <u>R-2</u>	<u>Total</u>
Notes payable at July 1, 1998	\$184,618	\$80,529	\$265,147
Less principal paid	<u>2,540</u>	<u>1,244</u>	<u>3,784</u>
Notes payable at June 30, 1999	<u>\$182,078</u>	<u>\$79,285</u>	<u>\$261,363</u>

Long-term debt at June 30, 1999 consists of:

Notes Payable R-1 - Water Revenue Bonds due to Farmers Home Administration issued December 15, 1986 in the original amount of \$201,700 due in annual installments of \$13,587 thru December 14, 2026 including interest at a rate of 6.0%. Revenues and the water plant and distribution system are pledged as collateral for this loan. \$182,078

Notes Payable R-2 - Water Revenue Bond due to Farmers Home Administration issued December 15, 1986 in the original amount of \$90,000 at an interest rate of 6% due in annual installments of \$6,062 or more plus interest thru December 14, 2026. This loan is secured by a pledge of revenues from the sale of water by the District and the water plant and distribution system. 79,285

Total notes payable \$261,363

The District's proprietary fund bonds are governed by bond indenture, the terms of which are summarized as follows:

- (1) Waterworks Operations and Maintenance Fund
Funds are to be transferred to this fund from the Waterworks Revenue Fund on the first day of each month in sufficient amounts to pay all operating expenses and to make a reasonable provision for the repair and maintenance of the system.
- (2) Waterworks Bond Reserve Funds (Debt Service and Sinking: All Notes)
The minimum amount to be transferred to this fund each month from the Waterworks Revenue fund shall be not less than one-twelfth of the amount of principal and interest coming due on the next succeeding note payment date.
- (3) Waterworks Bond Reserve Funds (Debt Service and Sinking: Both Notes)
An amount of 5% of the required minimum monthly debt service is to be

transferred from the Waterworks Revenue Fund to the Bond Reserve Fund until \$19,649 has been accumulated.

- (4) **Waterworks Depreciation Fund**
 An amount equal to \$100 per month is to be transferred to this fund on the first day of each month from the Waterworks Revenue Fund. Monies in this fund shall be used solely for the purpose of paying the cost for major repairs of damages caused by unforeseen catastrophe and for the replacements made necessary by the depreciation of the system. Money in this fund may also be used to pay principal or interest on the Bonds falling due at any time there is not sufficient money for payment in the other bond funds.

The District is in compliance with all of these covenants.

The annual requirements to retire general long-term debt as of June 30, 1999 are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2000	\$ 3,923	\$ 15,726	\$ 19,649
2001	4,221	15,428	19,649
2002	4,443	15,206	19,649
2003	4,736	14,913	19,649
2004	5,007	14,642	19,649
Thereafter	<u>239,033</u>	<u>164,359</u>	<u>403,392</u>
	<u>\$261,363</u>	<u>\$240,274</u>	<u>\$501,637</u>

NOTE 7 - BAD DEBTS EXPENSE

The District uses the direct write-off method to account for bad debts.

NOTE 8 - LITIGATION

The District is not involved in any litigation at June 30, 1999.

NOTE 9 - COMPENSATION OF BOARD OF COMMISSIONERS

There was no compensation or per diem paid to any member of the Board of Commissioners during the year ended June 30, 1999.

NOTE 10 - LINE RELOCATIONS

During the fiscal year ended June 30, 1999, the District completed line relocation necessitated by the extension of the Sicily Island Levee by the U. S. Corps of Engineers. The cost of this relocation was paid in full by the Tensas Basin Levee District in the amount of \$44,258.

NOTE 11 - YEAR 2000 COMPLIANCE

The management of the District expects to complete the updating of their computer programs to become year 2000 compliant before the end of the fiscal year and estimate the cost to be minimal.

SECTION II

COMPLIANCE AND INTERNAL CONTROL

JERI SUE TOSSPON
Certified Public Accountant
P O Box 445
Ferriday, Louisiana 71334-0445
(318)757-9393 Fax (318)757-4185
jtosspn@iamerica.net

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

To the Board of Directors
Maitland Waterworks District
Clayton, Louisiana

I have audited the financial statements of Maitland Waterworks District as of June 30, 1999, and for the year then ended, and have issued my report thereon dated September 7, 1999. 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 financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether Maitland Waterworks District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contract 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*.

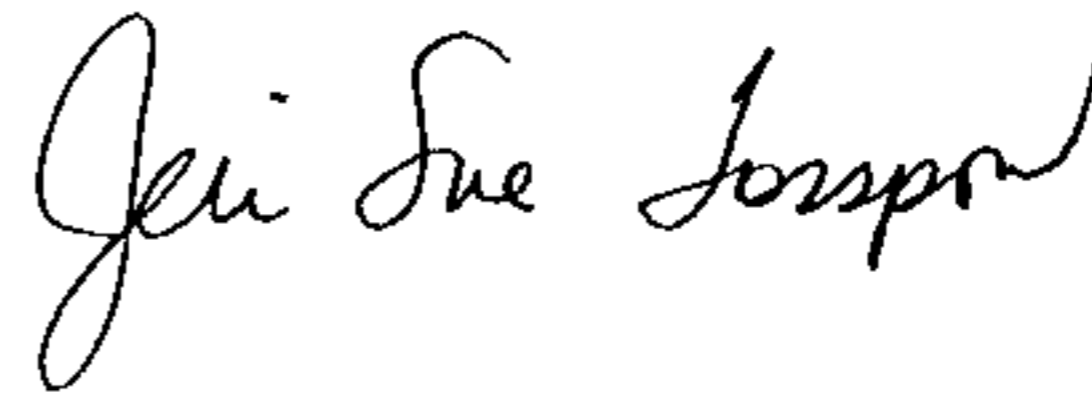
Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements of the District, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial

To the Board of Directors
Maitland Waterworks District
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reporting. My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses. 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 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. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

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.

A handwritten signature in cursive script that reads "Jeli Sue Joseph".

Ferriday, Louisiana
September 7, 1999