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JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT  
WELSH, LOUISIANA

ANNUAL FINANCIAL REPORT AND  
INDEPENDENT AUDITORS' REPORTS

Year Ended 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 SEP 15 1999

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INDEPENDENT AUDITORS' REPORT

August 20, 1999

Board of Commissioners  
Jefferson Davis Central Waterworks District  
Welsh, Louisiana

We have audited the accompanying general purpose financial statements of the Jefferson Davis Central Waterworks District, a component unit of the Jefferson Davis Parish Police Jury, as of and for the year ended June 30, 1999. These general purpose financial statements are the responsibility of the Jefferson Davis Central Waterworks District management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our 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. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Jefferson Davis Central Waterworks District as of June 30, 1999, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The Statement of Revenues, Expenses and Changes in Retained Earnings-Budget and Actual is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Jefferson Davis Central Waterworks District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 20, 1999 on our consideration of Jefferson Davis Central Waterworks District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts.

*Gragson Casiday & Guillory*

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Balance Sheet

June 30, 1999

	<u>1999</u>	<u>1998</u>
<b>ASSETS</b>		
Cash	\$ 131,597	\$ 187,817
Investments	54,844	62,435
Accounts receivable	38,641	38,483
Prepaid expenses	4,386	4,386
Restricted assets		
Bond sinking fund		
Cash	38,836	31,431
Bond reserve fund		
Cash	67,973	61,236
Bond contingency fund		
Cash	4,299	17,219
Customer deposits		
Investments	80,006	74,010
Fixed assets (net)	2,664,391	2,573,216
Construction period interest (net)	<u>60,693</u>	<u>63,080</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,145,666</u></b>	<b><u>\$ 3,113,313</u></b>
<b>LIABILITIES</b>		
Accounts payable	\$ 6,950	\$ 14,091
Accrued liabilities	2,320	2,473
Payable from restricted assets		
Revenue bond	45,000	31,913
Accrued interest	22,133	22,233
Customer deposits	80,006	74,010
Revenue bonds payable	<u>947,467</u>	<u>927,840</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,103,876</u></b>	<b><u>1,072,560</u></b>
<b>FUND EQUITY</b>		
Contributed capital	1,042,833	1,103,093
Retained earnings		
Reserved for debt service	43,975	55,740
Unreserved	<u>954,982</u>	<u>881,920</u>
<b>TOTAL FUND EQUITY</b>	<b><u>2,041,790</u></b>	<b><u>2,040,753</u></b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 3,145,666</u></b>	<b><u>\$ 3,113,313</u></b>

The accompanying notes are an integral part of these financial statements.

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Statement of Revenues, Expenses and Changes in Retained Earnings

Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 255,514	\$ 250,037
Ad valorem taxes (net)	124,324	124,833
Installations	9,499	8,836
Penalties and reconnect fees	6,191	5,549
Miscellaneous	<u>252</u>	<u>370</u>
<b>TOTAL OPERATING REVENUES</b>	<u>395,780</u>	<u>389,625</u>
<b>OPERATING EXPENSES</b>		
Advertising	452	174
Amortization	2,387	2,388
Auto mileage	2,687	2,282
Chemicals	15,252	14,786
Communication	2,260	2,047
Contract labor	1,670	1,167
Convention	506	392
Depreciation	112,714	108,766
Dues	1,690	2,028
Fuel	2,098	2,651
Garbage service	257	343
Insurance - employees	15,426	14,397
Insurance - other	9,387	8,635
Miscellaneous	1,190	2,560
Office	2,437	1,468
Per diem	4,080	3,420
Postage	2,530	2,463
Printing	935	197
Professional fees	3,698	3,100
Repairs and maintenance	20,398	47,002
Retirement	3,648	3,438
Salaries	73,733	72,968
Supplies	15,947	12,759
Taxes and licenses	5,736	5,555
Utilities	27,017	24,136
Water samples	<u>655</u>	<u>640</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>328,790</u>	<u>339,762</u>
<b>OPERATING INCOME</b>	66,990	49,863

The accompanying notes are an integral part of these financial statements.

Continued

JFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Statement of Revenues, Expenses and Changes in Retained Earnings - Continued

Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
NON-OPERATING REVENUES (EXPENSES)		
Intergovernmental	\$ 17,000	\$ -
Gain on sale of fixed assets	1,850	6,052
Interest income	18,655	23,824
Interest expense	<u>(103,458)</u>	<u>(72,278)</u>
	<u>(65,953)</u>	<u>(42,402)</u>
NET INCOME	1,037	7,461
Add current year's depreciation on fixed assets acquired by funds externally restricted for capital expenditures that reduce contributed capital	<u>60,260</u>	<u>60,260</u>
INCREASE IN RETAINED EARNINGS	61,297	67,721
RETAINED EARNINGS - BEGINNING	<u>937,660</u>	<u>869,939</u>
RETAINED EARNINGS - ENDING	<u>\$ 998,957</u>	<u>\$ 937,660</u>

The accompanying notes are an integral part of these financial statements.



JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Statement of Cash Flows

Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income	\$ 66,990	\$ 49,863
Adjustments to reconcile operating income to net cash provided by operating activities		
Amortization	2,387	2,388
Depreciation	112,714	108,766
(Increase) decrease in		
Accounts receivable	(158)	(9,789)
Increase (decrease) in		
Accounts payable	(7,141)	6,294
Accrued expenses	(153)	90
Accrued interest payable	<u>(100)</u>	<u>(5,904)</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>174,539</u>	<u>151,708</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Contributions from intergovernmental	17,000	-
Contributions from customers	5,996	2,306
Proceeds from sale of fixed assets	1,850	6,052
Acquisition of fixed assets	(203,889)	(23,719)
Principal paid on bonds	(31,913)	(42,370)
Proceeds from issuance of bonds	50,000	1,132,000
Payment to refunded bonds escrow agent	-	(1,168,846)
Interest paid on revenue bonds	<u>(88,831)</u>	<u>(56,480)</u>
<b>NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(249,787)</u>	<u>(151,057)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	<u>20,250</u>	<u>23,824</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(54,998)	24,475
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>297,703</u>	<u>273,228</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 242,705</u>	<u>\$ 297,703</u>
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Cash paid for interest	<u>\$ 88,930</u>	<u>\$ 62,384</u>

The accompanying notes are an integral part of these financial statements.

# JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

## Notes to Financial Statements

June 30, 1999

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Jefferson Davis Central Waterworks District is a political subdivision of the State of Louisiana. It was created under the provisions of Louisiana Revised Statutes 33:3811 for the purpose of providing water to the rural area of Central Jefferson Davis Parish. The District is governed by a board of commissioners composed of five members appointed by the Jefferson Davis Parish Police Jury.

The financial statements of the Jefferson Davis Central Waterworks District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

#### 1. Reporting Entity

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the Jefferson Davis Central Waterworks District includes all funds, account groups, et cetera, that are within the oversight responsibility of the Jefferson Davis Central Waterworks District.

*As the governing authority, for reporting purposes, the Jeff Davis Parish Police Jury is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (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 Jeff Davis Parish Police Jury for financial reporting purposes. The basic criterion 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. Based upon the application of these criteria, Jefferson Davis Central Waterworks District is a component unit of the Jeff Davis Parish Police Jury's reporting entity.

#### 2. Fund Accounting

The Jefferson Davis Central Waterworks District uses a fund 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 relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Continued



# JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

## Notes to Financial Statements

June 30, 1999

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The following fund is used by the District:

#### Proprietary Fund Type:

##### Enterprise Fund -

The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing water services to the general public on a continuing basis is financed through user charges.

### 3. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The District considers property taxes as available if they are collected within 60 days after year end. Those revenues susceptible to accrual are property taxes, interest revenue and charges for services.

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.

### 4. Cash and Investments

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

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 must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1999, the District has \$244,471 in deposits (collected bank balances). These deposits are secured from risk by \$8,000 of federal deposit insurance and \$236,471 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Continued

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Notes to Financial Statements

June 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investments

The following are the investments of the District, which are categorized to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the name of the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the name of the District. There are no Category 2 investments. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the name of the District. There are no Category 3 investments.

	Category			Carrying Amount	Market Value
	1	2	3		
U.S. Government Securities	<u>\$ 134,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,850</u>	<u>\$ 134,850</u>

5. Accounts Receivable

Uncollectible amounts due for receivables are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectable. This method does not result in a charge to bad debts that is materially different from the amount that would be charged if the reserve method were used.

6. Construction Period Interest

Interest costs of \$90,740 during original construction period of plant was capitalized and is being amortized over the term of the original bond issue using the straight-line method. Amortization expense was \$2,387 for the year ended June 30, 1999.

7. Statement of Cash Flows

For purpose of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less when purchased to be cash equivalents. The statement reflects ending cash and cash equivalents of \$242,705 which represents unrestricted amounts of \$131,597 and restricted amounts of \$111,108.

Continued

# JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

## Notes to Financial Statements

June 30, 1999

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### 8. Budgets

An enterprise fund budget is adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

Expenditures may not legally exceed budgeted appropriations at the activity level.

#### 9. Fund Equity

##### Contributed Capital –

Customer revenues received that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is not amortized.

##### Reserves –

Reserves represent those portions of fund equity legally segregated for a specific future use.

#### 10. Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations.

### NOTE B - AD VALOREM TAXES

For the year ended June 30, 1999 taxes of 9.51 mills were levied on property with assessed valuations totaling \$13,626,020 and were dedicated as follows:

General operations	9.51 mills
--------------------	------------

Total taxes levied were \$129,584.

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15 of the current year, and become delinquent after December 31. Property taxes not paid by the end of February are subject to lien.

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Notes to Financial Statements

June 30, 1999

NOTE C - FIXED ASSETS

A summary of changes in fixed assets for the year is as follows:

	Fixed Assets		
	Beginning of Year	Net Additions	End of Year
Distribution system	\$ 3,534,875	\$ 191,749	\$ 3,726,624
Furniture, fixtures & equipment	8,656	(135)	8,521
Machinery and equipment	163,384	(2,745)	160,639
Land	19,900	-	19,900
	<u>3,726,815</u>	<u>\$ 188,869</u>	<u>3,915,684</u>
Less accumulated depreciation	<u>1,153,599</u>		<u>1,251,293</u>
TOTALS	<u>\$ 2,573,216</u>		<u>\$ 2,664,391</u>

Depreciation expense was \$112,714 for the year ended June 30, 1999.

All purchased fixed assets are valued at historical cost. 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 lives of the related fixed assets, as applicable.

Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Distribution system	7 - 50 years
Furniture, fixture and equipment	5 - 10 years
Machinery and equipment	5 - 10 years

NOTE D - LONG-TERM DEBT

A. Debt Outstanding

The following is a summary of bond transactions of the District for the year ended June 30, 1999:

Bonds payable, June 30, 1998	\$ 959,753
Bonds issued	50,000
Bonds retired	(31,913)
Plus: Annual amortization of 1997 bond issuance costs	<u>14,627</u>
Bonds payable June 30, 1999	<u>\$ 992,467</u>

Continued



JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Notes to Financial Statements

June 30, 1999

NOTE D - LONG-TERM DEBT (CONTINUED)

Bonds payable at June 30, 1999 are comprised of the following individual issues:

\$ 50,000 Certificates of Indebtedness dated April 6, 1999; due in annual installments of \$9,000-\$11,000 through April 1, 2004; interest at 5.04%	\$ 50,000
\$ 1,132,000 Advance Refunding Bonds dated August 1, 1997, due in annual installments of \$25,000 - \$119,000 through April 1, 2015, interest at 8.0%, less unamortized deferred amount on refunding of \$133,533	<u>942,467</u>
Total Long-Term Debt	<u>\$ 992,467</u>

B. Debt Service Requirements to Maturity

The annual requirements to amortize all debts outstanding as of June 30, 1999, including interest payments are as follows:

Year Ending June 30,	
2000	\$ 133,565
2001	134,266
2002	133,642
2003	132,778
2004	134,674

On April 6, 1999, the District issued \$50,000 in Certificates of Indebtedness to fund capital improvements.

Refunding bond issuance costs of \$163,958 are deferred and are being amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Amortization expense is \$14,627 for the year ended June 30, 1999.



JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Notes to Financial Statements

June 30, 1999

NOTE E - COMPONENTS OF RESTRICTED ASSETS

Enterprise Fund:

	Revenue Bond <u>Sinking</u>	Revenue Bond <u>Reserve</u>	Revenue Bond <u>Contingency</u>	Customer <u>Deposits</u>	<u>Totals</u>
Cash and investments	\$ 38,836	\$ 67,973	\$ 4,299	\$ 80,006	\$ 191,114

Certain proceeds of enterprise fund revenue bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "bond sinking" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "bond reserve" account is used to report resources set aside to make up potential future deficiencies in the revenue bond sinking account. The "bond contingency" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

The amount of retained earnings reserved for revenue bond retirement is detailed as follows:

Restricted assets: revenue bond sinking, reserve and contingency funds	\$ 111,108
Less: Current maturities of revenue bonds, payable from restricted assets	45,000
Accrued interest, payable from restricted assets	<u>22,133</u>
Retained Earnings Reserved	<u>\$ 43,975</u>

NOTE F - CONTRIBUTED CAPITAL

During the year, contributed capital changed by the following amount:

Contributed Capital, Beginning	\$ 1,103,093
Current year depreciation on fixed assets acquired by funds externally restricted for capital expenditures that reduce contributed capital	<u>(60,260)</u>
Contributed Capital, Ending	<u>\$ 1,042,833</u>

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Notes to Financial Statements

June 30, 1999

NOTE G - PER DIEM

Total per diem paid consisted of the following:

Lee J. Clement	\$ 840
Billy Precht, Jr.	840
JoAnn Stark	840
Russell Touchet	840
Edmund Walker	<u>720</u>
	<u>\$ 4,080</u>

NOTE H - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE I – ADOPTION OF GASB-31

The District adopted GASB-31 in the year ended June 30, 1999. GASB-31 requires all investments to be accounted for at fair value. Any change in fair value from year-to-year is recorded as interest income in the current period statement of revenues and expenses.

GASB-31 adoption has been applied retroactively by restating the prior year's financial statements. Therefore, the following changes were made to the June 30, 1998 balance sheet:

	<u>As ordinarily reported</u>	<u>As restated</u>	<u>Changes</u>
Investments	\$ 149,205	\$ 136,445	\$ (12,760)
Unreserved retained earnings	\$ 894,680	\$ 881,920	\$ (12,760)

NOTE J – YEAR 2000 COMPLIANCE (UNAUDITED)

The District is not significantly dependent on computerized systems for essential operations and to provide services to customers. As a continuing process, the District is actively engaged in making necessary changes to its systems and equipment to achieve year 2000 compliance.

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Statement of Revenues, Expenses and Changes in Retained Earnings -  
Budget and Actual

Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>			
Charges for services	\$ 233,800	\$ 255,514	\$ 21,714
Ad valorem taxes (net)	122,000	124,324	2,324
Installations	6,000	9,499	3,499
Penalties and reconnect fees	5,000	6,191	1,191
Miscellaneous	-	252	252
TOTAL OPERATING REVENUES	<u>366,800</u>	<u>395,780</u>	<u>28,980</u>
<b>OPERATING EXPENSES</b>			
Advertising	500	452	48
Amortization	-	2,387	(2,387)
Auto mileage	2,600	2,687	(87)
Chemicals	17,000	15,252	1,748
Communication	3,000	2,260	740
Contract labor	1,500	1,670	(170)
Convention	500	506	(6)
Depreciation	98,360	112,714	(14,354)
Dues	2,500	1,690	810
Fuel	4,400	2,098	2,302
Garbage service	400	257	143
Insurance - employees	17,500	15,426	2,074
Insurance - other	11,000	9,387	1,613
Miscellaneous	2,100	1,190	910
Office	1,500	2,437	(937)
Per diem	4,500	4,080	420
Postage	3,000	2,530	470
Printing	2,000	935	1,065
Professional fees	3,100	3,698	(598)
Repairs and maintenance	30,500	20,398	10,102
Retirement	3,700	3,648	52
Salaries	75,200	73,733	1,467
Supplies	17,000	15,947	1,053
Taxes and licenses	5,800	5,736	64
Utilities	37,000	27,017	9,983
Water samples	1,000	655	345
TOTAL OPERATING EXPENSES	<u>345,660</u>	<u>328,790</u>	<u>16,870</u>
OPERATING INCOME	21,140	66,990	45,850
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Intergovernmental	-	17,000	17,000
Gain on sale of fixed assets	-	1,850	1,850
Interest income	15,000	18,655	3,655
Interest expense	<u>(89,000)</u>	<u>(103,458)</u>	<u>(14,458)</u>
	<u>(74,000)</u>	<u>(65,953)</u>	<u>8,047</u>

The accompanying notes are an integral part of these financial statements.

Continued

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Statement of Revenues, Expenses and Changes in Retained Earnings -  
Budget and Actual - Continued

Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
NET INCOME (LOSS)	\$ (52,860)	\$ 1,037	\$ 53,897
Add current year's depreciation on fixed assets acquired by funds externally restricted for capital expenditures that reduce contributed capital	<u>60,260</u>	<u>60,260</u>	<u>-</u>
INCREASE IN RETAINED EARNINGS	7,400	61,297	53,897
RETAINED EARNINGS - BEGINNING	<u>937,660</u>	<u>937,660</u>	<u>-</u>
RETAINED EARNINGS - ENDING	<u>\$ 945,060</u>	<u>\$ 998,957</u>	<u>\$ 53,897</u>

The accompanying notes are an integral part of these financial statements.

GRAGSON, CASIDAY & GUILLORY, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.  
RICHARD W. CASIDAY, C.P.A. (APC)  
RAYMOND GUILLORY, JR., C.P.A.

JULIA W. PORTUS, C.P.A.  
CAMUS CASTILLE, C.P.A.  
DAWN REDD, C.P.A.  
MICHELLE BOURNE, C.P.A.  
COY VINCENT, C.P.A.

ONE LAKESIDE PLAZA, SUITE 700  
P.O. DRAWER 1847  
LAKE CHARLES, LOUISIANA 70602-1847  
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS*

August 20, 1999

Board of Commissioners  
Jefferson Davis Central Waterworks District  
Welsh, Louisiana

We have audited the general purpose financial statements of the Jefferson Davis Central Waterworks District, a component unit of the Jefferson Davis Parish Police Jury, as of and for the year ended June 30, 1999, and have issued our report thereon dated August 20, 1999. We conducted our 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 Jefferson Davis Central Waterworks District's general purpose financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our 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 our audit, we considered Jefferson Davis Central Waterworks District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

*Gragson Casiday & Guillory*



JEFFERSON DAVIS CENTRAL  
WATERWORKS DISTRICT

20263 Hwy. 99 • Welsh, LA 70591 • 318/734-2321

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Summary Schedule of Prior Year Findings

Year Ended June 30, 1999

All prior year findings have been satisfactorily corrected.

Signed: *Lee Clement*  
Title: PRESIDENT, BOD

Signed: *Ashley Mc Nabb*  
Title: OFFICE MGR.