

MOUNT OLIVE WATERWORKS DISTRICT
Lincoln Parish, Louisiana

Annual Financial Statements
With Accountant's Compilation Report
As of and for the Year Ended
December 31, 2003
With Supplemental Information Schedules

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 9.1.04

MOUNT OLIVE WATERWORKS DISTRICT
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Bobby Gray

CERTIFIED PUBLIC ACCOUNTANT

• Accounting Services

• Income Tax Services

• Management Advisory Services

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

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

I have compiled the accompanying financial statements and supplemental information schedules of the Mount Olive Waterworks District, as of and for the year ended December 31, 2003, in accordance with standards established by *Statement of Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

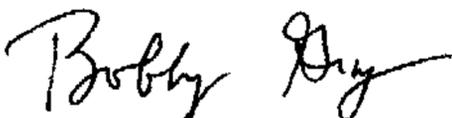
A compilation is limited to presenting, in the form of financial statements and schedules, information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

As described in the notes to the financial statements, the Mount Olive Waterworks District has adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*, as of December 31, 2003. This results in a change in format and content of the basic financial statements for the year then ended.

Management has elected to omit Management's Discussion and Analysis, which is supplemental information required by GASB. If the omitted information were included in the financial statements, they might influence the user's conclusions about the district's financial position, results of its operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report, dated June 28, 2004 on the results of our agreed-upon procedures.

June 28, 2004



Certified Public Accountant
Grambling, Louisiana

BASIC FINANCIAL STATEMENTS

STATEMENT A**MOUNT OLIVE WATERWORKS DISTRICT
Lincoln Parish, Louisiana****Statement of Net Assets
December 31, 2003****ASSETS:****Current Assets:**

Cash and cash equivalents	\$51,294
Net receivables	5,390
Total Current Assets	56,684

Non-current Assets:

Net capital assets	148,226
Total Non-current Assets	148,226

Total Assets \$204,910

LIABILITIES:**Current Liabilities:**

Customer deposits	\$8,565
Payroll liabilities	574
Total Current Liabilities	9,139

Non-current Liabilities:

Notes payable	12,278
Bonds payable	67,819
Total Non-current Liabilities	80,097

Total Liabilities: \$89,236

NET ASSETS:

Invested in Capital Assets	148,226
Unrestricted	(32,552)
Total Net Assets	115,674

Total Liabilities and Net Assets \$204,910

See accountant's compilation report and notes to financial statements.

STATEMENT B**MOUNT OLIVE WATERWORKS DISTRICT
Lincoln Parish, Louisiana****Statement of Revenues, Expenditures and Changes in Net Assets
December 31, 2003**

REVENUES:	
Water sales	\$102,935
Interest income	43
Grant funds	30,000
Total Revenues	<u>\$132,978</u>
EXPENDITURES:	
Water purchases	\$1,059
Operating supplies	1,944
Utilities	4,213
System maintenance	3,293
Installation materials	1,265
Administrative services	7,200
Interest expense	8,535
Automobile expense	301
Bank service charges	794
Dues and subscriptions	354
Insurance	1,812
Technical services	6,000
Office supplies	1,997
Outside services	46,670
Postage	1,541
Professional services	3,360
Rent	2,604
Payroll taxes	2,135
Salaries	10,200
Sales tax	3,075
Telephone	1,417
Travel	1,487
Other	156
Construction expenses	30,000
Total expenditures	<u>\$141,412</u>
Excess of Revenues Over Expenditures	(\$8,434)
Net Assets - Beginning of Year	124,108
Net Assets - End of Year	<u><u>\$115,674</u></u>

See accountant's compilation report and notes to financial statements.

STATEMENT C**MOUNT OLIVE WATERWORKS DISTRICT
Lincoln Parish, Louisiana****Statement of Cash Flows
December 31, 2003**

Cash flows from operating activities:	
Operating income (loss)	(\$8,434)
Adjustments to reconcile operating income (loss) to net cash	
Decrease in accounts receivable	4,309
Decrease in accounts payable	(9,460)
Depreciation	3,792
Refundable deposits	(1,754)
	<hr/>
Total adjustments	(3,113)
	<hr/>
Net cash provided by operating activities	(11,547)
	<hr/>
Net increase in cash	(11,547)
Cash at beginning of year	62,841
Cash at end of year	<hr/> <u>\$51,294</u>

See accountant's compilation report and notes to financial statements.

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

For the Year Ended December 31, 2003

INTRODUCTION

Mount Olive Waterworks District is component unit of the Police Jury of Lincoln Parish. Ordinance No. 312 dated September 14, 1965, to provide water services to residents within the District, created the District. A Board of five Commissioners governs the District. The Board of Commissioners of the District has absolute control and authority over the waterworks in the District. The Commissioners meet at least once every sixty days. The Commissioners serve without compensation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Mount Olive Waterworks District accounts for its financial position and results of operations in accordance with generally accepted accounting principles (GAAP) applicable to governmental units. The District has only one fund, the proprietary fund. Proprietary fund types are used to account for activities conducted on a fee for services basis in a manner similar to commercial enterprise accounting.

B. Fixed Assets and Long-Term Liabilities

The Proprietary Fund is accounted for on a cost of service or capital maintenance measurement. This means that all assets and all liabilities (whether current or non-current) associated with its activity are included on its balance sheets. The reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by the Proprietary Fund is charged as an expense against its operations. Accumulated Depreciation is reported on the fund balance sheet. Depreciation has been recognized over an estimated useful life utilizing the straight-line method. Estimated useful lives are as follows:

Water Systems	-	25 years
Equipment	-	7 years

C. Inventories

Inventory is valued at the lower of cost or market on a first-in, first-out basis. At December 31, 2003 there was no inventory on hand.

NOTE 2. CASH

Cash consisted of demand deposits of \$ 56,684 at December 31, 2003. 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

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

plus the federal deposit insurance is sufficient to secure these deposits. The cash balance at December 31, 2003 was fully secured by Federal Deposit Insurance.

NOTE 3. ACCOUNTS RECEIVABLE

At December 31, 2003, the District's accounts receivables for water services totaled \$5,630 net of an allowance for uncollectible receivables of \$ 1,014 was shown at December 31, 2003 and considered reasonable.

NOTE 4. PROPERTY, PLANT AND EQUIPMENT

A summary of proprietary fund type property, plant and equipment as of December 31, 2003 follows:

	<u>2003</u>
Water System/ Equipment	269,929
Furniture and Fixtures	4,705
Land	<u>5,000</u>
Sub-total	279,634
Less: Accumulated Depreciation	<u>(131,408)</u>
TOTAL	<u>\$148,226</u>

No records of fixed assets were kept for the period 1965 through 1990. The Farmer's Home Administration determined the initial cost of the waterworks system. It was placed in service in 1967. All other capital expenditures were reviewed and capitalized when appropriate. Construction-in-progress totaled \$30,000 at December 31, 2003.

NOTE 5. LONG-TERM DEBT

The long-term obligations of the Mount Olive Waterworks District consist of a Revenue Promissory Note dated October 26, 1966, and a Water Revenue Bond with the Farmer's Home Administration which was dated January 23, 1992. The proceeds of the Bond Issue were used for improvements to the system.

1. Water Revenue Promissory Note principal amount \$81,000.

Ending Balance <u>12/31/02</u>	<u>Decrease</u>	Balance At <u>12/31/03</u>
\$ 15,741	(3,463)	\$ 12,278

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

Required annual principal and interest payments on the fully amortized promissory note as of December 31, 2003 for the five years following are:

<u>Year Ending</u>	<u>Amount</u>
2004	4,033
2005	4,033
2006	4,033
2007	664
Thereafter	0
Total Obligation	12,763
Interest	485
<u>Principal</u>	<u>12,278</u>

2. Water Revenue Bonds bear interest at 5 3/4% on principal \$77,200.

<u>Balance 12/31/02</u>	<u>Decrease</u>	<u>Balance 12/31/03</u>
\$ 68,867	(\$ 1,048)	\$ 67,819

The District is required to establish and maintain a Bond Sinking Fund, a Reserve Fund, and a Contingency Fund. Required payments to the funds calls for \$ 414.56 per month; \$ 21.00 per month; and \$ 22.00 per month respectively.

NOTE 6. COMPENSATED ABSENCES

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

NOTE 7. INCOME TAXES

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

NOTE 8. LITIGATION

At December 31, 2003, no litigation was pending involving the District.

Bobby Gray

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ATTESTATION REPORT

Independent Accountant's Report on Applying Agreed-Upon Procedures

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

I have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Mount Olive Waterworks District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Mount Olive Waterworks District's compliance with certain laws and regulations during the year ended December 31, 2003 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 and applicable standards of *Government Auditing Standards*. 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. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

In the examination of expenditures of the Mount Olive Waterworks District for 2003, all expenditures were noted which exceeded either the \$15,000 or \$100,000 thresholds and purchases were made in compliance with applicable regulations.

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 by 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 required list.

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

Budgeting

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

Management provided me with a copy of the original budget. There were no amendments to the budget during the year.

6. Trace 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 December 23, 2002 which indicated that the budget had been adopted by the commissioners of Mount Olive Waterworks District by unanimous vote. No amendments were made to the budget during the year.

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

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

Accounting and Reporting

8. Randomly select 6 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 six 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 six of the 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 six selected disbursements indicated no approvals other than the signature of the chairman of the Board of Commissioners. In discussions with Commissioners, it was indicated that budgeted, recurring items of a routine nature are generally authorized to be paid but any unusual payments would require Commission authorization. None of the payments in the sample fit the profile of unusual.

Meetings

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

Mount Olive Waterworks District is only required to post a notice of each meeting and the accompanying agenda on the door of the district's office. Management has asserted that such documents were properly posted. I was shown an unmarked copy of one notice and one agenda.

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.

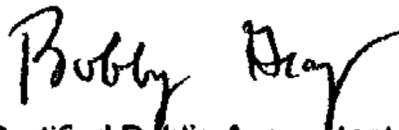
A reading of the minutes of the district for the year indicated no approval for the payments noted. I inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

The prior year report, for 2002, did not include any comments or unresolved matters.

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 our attention that would have been reported to you.

This report is intended solely for the use of management of Mount Olive Waterworks District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 28, 2004


Certified Public Accountant

SUPPLEMENTAL INFORMATION

MOUNT OLIVE WATERWORKS DISTRICT
Grambling, Louisiana

SCHEDULE OF GRANT FUNDS
As of and for the Year Ended December 31, 2003

STATE GRANT FUNDS

The State Grant revenues received were used to construct a building to house the Waterworks Office. The funds were received through the Office of Rural Development.

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

STATUS OF PRIOR YEAR FINDINGS

All prior findings for the Mount Olive Waterworks District were resolved as of the December 31, 2003 report and no additional conditions requiring resolution were noted during this agreed-upon procedures engagement.

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

**CURRENT YEAR FINDINGS AND CORRECTIVE ACTION
PLAN**

There were no findings or questioned costs for the current year.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)
June 28, 2004

Bobby Gray, CPA

P. O. Box 1213

Grambling, LA. 71245

(Auditors)

In connection with your compilation of our financial statements as of December 31, 2003 and for the year 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 regulation 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 June 28, 2004.

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 [X] 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 [X] 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 [X] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [X] 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 [X] No []

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

Yes [X] No []

