

9608

RECEIVED
LEGISLATIVE AUDITOR
04 SEP 23 AM 11:11

TREEMONT WATER DISTRICT
Choudrant, Louisiana

Annual Financial Statements

As of and for the Year Ended
June 30, 2004

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 9-29-04

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

TREEMONT WATER DISTRICT
Choudrant, Louisiana

Annual Financial Statements

As of and for the Year Ended June 30, 2004

C O N T E N T S

	Statement	Page No.
Accountant's Compilation Report		2
Required Supplemental Information:		
Management's Discussion and Analysis		3
Basic Financial Statements:		
Enterprise Fund Financial Statements:		
Statement of Net Assets	A	7
Statement of Revenues, Expenses, and Changes in Fund Net Assets	B	8
Statement of Cash Flows	C	9
Notes to the Financial Statements		10
	Schedule	Page No.
Supplemental Information Schedules:		
Status of Prior Year Findings	1	18
Current Year Findings and Corrective Action Plan	2	19

M. Carleen Dumas

CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • TELEPHONE 318/644-5726

Accountant's Compilation Report

BOARD OF COMMISSIONERS
TREMONT WATER DISTRICT
Choudrant, Louisiana

I have compiled the accompanying basic financial statements and supplemental information schedules, as listed in the foregoing table of contents, of the Treemont Water District as of June 30, 2004, and for the year then ended, in accordance with standards established by *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements 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 form of assurance on them.

I am not independent with respect to the Treemont Water District for the year ended June 30, 2004.

Carleen Dumas

Calhoun, Louisiana

August 27, 2004

TREEMONT WATER DISTRICT
Choudrant, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2004

Our discussion and analysis of Treemont Water District's (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2004. Please read it in conjunction with the District's financial statements that begin on page 7.

BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, provides that special-purpose governments engaged only in business-type activities should present only the financial statements required for enterprise funds. For these governments, basic financial statements and required supplemental information (RSI) consist of :

- a. Management's discussion and analysis (MD&A)
- b. Statement of net assets
- c. Statement of revenues, expenses, and changes in net assets
- d. Statement of cash flows
- e. Notes to the financial statements
- f. RSI other than MD&A, if applicable

The Treemont Water District is a special-purpose government engaged only in business-type activities.

Enterprise Fund Financial Statements

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets provide information in a way that shows the change in the District's financial condition resulting from the current year's activities. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net assets* and the changes in them. Net assets - the difference between assets (what the District owns) and liabilities (what the District owes) is a way to measure the financial position of the District. Over time, increases or decreases in the District's net assets are an indicator of whether the District's financial position is improving or deteriorating.

TREEMONT WATER DISTRICT
 Choudrant, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2004

The Statement of Cash Flows provides information on the changes in cash during the year. This statement reports the net cash provided or used by operating activities, capital and related financing activities and investing activities.

**COMPARATIVE ANALYSIS OF
 FINANCIAL DATA**

The District's total net assets decreased by \$7,414 during 2004. Operating revenues decreased \$8,225 and operating expenses increased \$2,310 from prior year amounts. The following presents an analysis of net assets and changes in net assets of the District's business-type activities:

	BUSINESS-TYPE ACTIVITIES	
	<u>2004</u>	<u>2003</u>
Assets		
Current assets	\$69,951	\$64,585
Restricted assets	10,678	10,267
Capital assets	<u>255,713</u>	<u>269,929</u>
Total assets	<u>336,342</u>	<u>344,781</u>
Liabilities		
Current liabilities	3,830	3,162
Long-term liabilities	<u>122,204</u>	<u>123,897</u>
Total liabilities	<u>126,034</u>	<u>127,059</u>
Net Assets		
Invested in capital assets, net of related debt	131,893	144,492
Restricted for debt service	10,678	10,267
Unrestricted	<u>67,737</u>	<u>62,963</u>
Total net assets	<u>210,308</u>	<u>217,722</u>
Operating revenues	40,677	48,902
Operating expenses	42,602	40,292
Non-operating revenues (expenses)	(5,489)	(5,294)
Cumulative effect of change in accounting estimate	NONE	(25,011)
Change in net assets	(7,414)	(21,695)
Net assets - beginning	<u>217,722</u>	<u>239,417</u>
Net assets - ending	<u>\$210,308</u>	<u>\$217,722</u>

TREEMONT WATER DISTRICT
Choudrant, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2004

OVERALL FINANCIAL POSITION

The District's net loss was \$7,414. Unrestricted net assets (those assets available to finance the daily operations of the district) were \$67,737 at year end. The amount invested in capital assets, net of related debt was \$131,893 at year end. Net assets restricted for debt service were \$10,678 at year end.

CAPITAL ASSETS AND DEBT

Capital Assets

At the end of the year, the District had capital assets (net of accumulated depreciation) totaling \$255,713. Capital assets include the water system and equipment costing \$500 or more. There were no capital asset additions during the year. Additional information about the District's capital assets is presented in Note 4 to the financial statements.

Debt

At year end the District had \$123,821 in revenue bonds payable. Additional information about the District's debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS

The District anticipates no significant changes in revenue or expenditures during the year ending June 30, 2005.

BASIC FINANCIAL STATEMENTS

TREEMONT WATER DISTRICT
Choudrant, Louisiana

STATEMENT OF NET ASSETS
June 30, 2004

ASSETS

Current assets:

Cash	\$62,313
Accounts receivable - water sales	7,638
Total current assets	<u>69,951</u>

Noncurrent assets:

Restricted assets:

Cash - contingency account	2,678
Investment - reserve account	8,000
Property, plant and equipment (net of accumulated depreciation)	255,713
Total noncurrent assets	<u>266,391</u>

Total assets	<u>336,342</u>
--------------	----------------

LIABILITIES

Current liabilities:

Accounts payable	1,833
Accrued interest payable	380
Revenue bonds payable - current	1,617
Total current liabilities	<u>3,830</u>

Long-term liabilities - revenue bonds payable

122,204

Total liabilities	<u>126,034</u>
-------------------	----------------

NET ASSETS

Invested in capital assets, net of related debt	131,893
Restricted for debt service	10,678
Unrestricted	67,737
Total net assets	<u>\$210,308</u>

See accompanying notes and accountant's compilation report.

TREEMONT WATER DISTRICT
Choudrant, Louisiana

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
For the Year Ended June 30, 2004

OPERATING REVENUES	
Water sales	\$39,921
Membership fees	400
Other income	356
Total revenues	<u>40,677</u>
OPERATING EXPENSES	
Office expense	1,323
Contract labor	8,552
Insurance	200
Supplies and parts	642
Water purchase	16,660
Advertising	718
Depreciation	14,215
Other expenses	292
Total operating expenses	<u>42,602</u>
OPERATING INCOME (Loss)	<u>(1,925)</u>
NON-OPERATING REVENUES (Expenses)	
Interest earned on deposits	700
Interest expense	(6,189)
Total non-operating revenues	<u>(5,489)</u>
CHANGE IN NET ASSETS	(7,414)
NET ASSETS - BEGINNING	<u>217,722</u>
NET ASSETS - ENDING	<u><u>\$210,308</u></u>

See accompanying notes and accountant's compilation report.

TREEMONT WATER DISTRICT
Choudrant, Louisiana

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$39,179
Payments to suppliers	<u>(28,008)</u>
Net cash provided by operating activities	<u>11,171</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal paid on capital debt	(1,616)
Interest paid on capital debt	<u>(5,977)</u>
Net cash used by capital and related financing activities	<u>(7,593)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earnings on bank deposits	700
Increase in restricted cash	<u>(411)</u>
Net cash provided by investing activities	<u>289</u>

NET INCREASE IN CASH

3,867

CASH AT BEGINNING OF YEAR58,446**CASH AT END OF YEAR**\$62,313**Reconciliation of Operating Income to Net Cash****Provided by Operating Activities**

Operating Income (Loss)	<u>(\$1,925)</u>
Adjustments:	
Depreciation	14,215
Increase in accounts receivable	(1,498)
Increase in accounts payable	379
Total adjustments	<u>13,096</u>
Net cash provided by operating activities	<u><u>\$11,171</u></u>

See accountant's compilation report and accompanying notes.

TREEMONT WATER DISTRICT
Choudrant, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

INTRODUCTION

Treemont Water District was created by the Lincoln Parish Police Jury on October 8, 1991, as authorized by Louisiana Revised Statute 33:3811 for the purpose of supplying safe drinking water to the population of the district. The district was altered and enlarged by the Lincoln Parish Police Jury on August 22, 1995. All existing water distribution lines in the service area were abandoned and efforts to officially organize the Treemont Waterworks District were begun in April 1996. On August 5, 1997 the construction of the system was substantially completed and the system began providing water service to residents in the district. The district is governed by a five member board appointed by the police jury to serve indefinite terms of office. The district has no employees and serves approximately 130 customers.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Treemont Water District is considered a component unit of the Lincoln Parish Police Jury. As a component unit, the accompanying financial statements maybe included within the reporting of the primary government, either blended into those financial statements or separately reported as a discrete component unit.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Statements

Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, provides that special-purpose governments engaged only in business-type activities should present only the financial statements required for enterprise funds. For these governments, basic financial statements and required supplemental information (RSI) consist of :

1. Management's discussion and analysis (MD&A)
2. Statement of net assets
3. Statement of revenues, expenses, and changes in net assets
4. Statement of cash flows
5. Notes to the financial statements
6. RSI other than MD&A, if applicable

See accountant's compilation report.

TREEMONT WATER DISTRICT
Notes to the Financial Statements

The Treemont Water District is a special-purpose government engaged only in business-type activities.

**B. Measurement Focus, Basis of Accounting, and
Financial Statement Presentation**

Enterprise fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Treemont Water District has elected not to follow subsequent private-sector guidance.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating revenues of the Treemont Water District are water sales revenues and membership fees. Operating expenses for enterprise funds include the costs of the services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Deposits and Investments

Cash includes amounts in interest-bearing demand deposits. State law allows the district to invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At June 30, 2004, the district's investments consist of a nonnegotiable certificate of deposit with an original maturity that exceeds 90 days that is reported in the accompanying financial statements at cost.

See accountant's compilation report.

TREEMONT WATER DISTRICT
Notes to the Financial Statements

D. Receivables

Receivables for water sales are normally shown net of an allowance for uncollectible amounts. These financial statements contain no provision for uncollectible accounts. The district is of the opinion that such allowance would be immaterial in relation to the financial statements taken as a whole.

E. Restricted Assets

Certain resources of the Enterprise Fund that are set aside in compliance with the revenue bond covenant are classified as restricted assets on the balance sheet because their use is limited.

F. Capital Assets

Capital assets, which include the original water system and equipment are reported in the enterprise fund financial statements. All of the district's capital assets are capitalized at historical cost. The Treemont Water District maintains a threshold level of \$500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Lives</u>
Infrastructure - water system	25 years
Equipment	5- 10 years

G. Long-term Obligations

In the business-type activities fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures,

See accountant's compilation report.

TREEMONT WATER DISTRICT
Notes to the Financial Statements

and revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS IN FINANCIAL INSTITUTIONS

At June 30, 2004, the district has cash and investments (book balances) as follows:

Interest bearing checking accounts	\$62,313
Interest bearing savings account	2,678
Investment - certificates of deposit	<u>8,000</u>
Total	<u><u>\$72,991</u></u>

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. At June 30, 2004, the Treemont Water District has \$72,991 in deposits (collected bank balances). These deposits are secured from risk by \$72,991 of federal deposit insurance.

3. ACCOUNTS RECEIVABLE

At June 30, 2004, the district has receivables of \$7,638 as follows:

Water sales	\$7,638
Allowance for uncollectible accounts	<u>NONE</u>
Net receivables	<u><u>\$7,638</u></u>

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2004, is as follows:

	Balance at July 1, 2003	Increases	Decreases	Balance at June 30, 2004
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital assets being depreciated:				
Water system	\$351,868			\$351,868
Equipment	4,950			4,950
Total capital assets being depreciated	<u>356,818</u>	<u>NONE</u>	<u>NONE</u>	<u>356,818</u>

See accountant's compilation report.

TREEMONT WATER DISTRICT
Notes to the Financial Statements

	Balance at July 1, 2003	Increases	Decreases	Balance at June 30, 2004
Less accumulated depreciation for:				
Water system	\$82,103	\$14,075		\$96,178
Equipment	4,787	140		4,927
Total accumulated depreciation	<u>86,890</u>	<u>14,215</u>	NONE	<u>101,105</u>
Total assets being depreciated, net	<u>\$269,928</u>	<u>(\$14,215)</u>	NONE	<u>\$255,713</u>

Depreciation expense of \$14,215 for the year ended June 30, 2004 was reported in the enterprise fund statement of revenues, expenses, and changes in net assets.

5. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt transactions for the year ended June 30, 2004:

	Revenue Bonds Payable
Long-term obligations payable at July 1, 2003	\$125,437
Additions	NONE
Reductions	<u>(1,616)</u>
Long-term obligations payable at June 30, 2004	<u>\$123,821</u>

The following is a summary of the current (due in one year or less) and long-term (due in more than one year) portions of long-term obligations as of June 30, 2004:

	Revenue Bonds Payable
Current portion	\$1,617
Long-term portion	<u>122,204</u>
Total	<u>\$123,821</u>

See accountant's compilation report.

TREEMONT WATER DISTRICT
Notes to the Financial Statements

All debt at June 30, 2004, in the amount of \$123,821 is one outstanding issue of long-term revenue bonds dated March 7, 1997, in the amount of \$131,000 to provide financing for the construction of the water system. The loan bears interest at 4.875 percent. The principal and interest is being repaid in monthly installments of \$633. Bond principal and interest payable in the next fiscal year are \$1,617 and \$5,976, respectively. The final payment is due February 20, 2037. The interest to maturity is approximately \$121,553. The bonds are due as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2005	\$1,617	\$5,976	\$7,593
2006	1,698	5,895	7,593
2007	1,782	5,811	7,593
2008	1,871	5,722	7,593
2009	1,965	5,628	7,593
Thereafter	114,888	92,521	207,409
Total	\$123,821	\$121,553	\$245,374

6. RISK MANAGEMENT

The district purchases commercial insurance to reduce the risk of loss resulting from loss of property. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

7. AGREEMENT WITH THE VILLAGE OF CHOUDRANT

On September 17, 1996, the Treemont Water District entered into a water purchase contract with the Village of Choudrant. The contract provides that the district will purchase treated water from the Village of Choudrant at a cost of \$1 per 1000 gallons of water. The contract is for a period of forty years. The water rate to be paid by the district is subject to modification at the end of each year. During the year ended June 30, 2004, the district paid the Village of Choudrant \$16,660 for water purchases.

See accountant's compilation report.

SUPPLEMENTAL INFORMATION SCHEDULES

See accountant's compilation report.

TREEMONT WATER DISTRICT
Choudrant, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended June 30, 2004

STATUS OF PRIOR YEAR FINDINGS

The follow-up and corrective action taken on all prior year findings is presented in Schedule 1.

**CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN**

The corrective action plan for current year findings is presented in Schedule 2.

See accountant's compilation report.

TREEMONT WATER DISTRICT
Choudrant, Louisiana

STATUS OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2004

<u>Reference Number</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Planned Corrective Action</u>
-----------------------------	---	-------------------------------	--	--

There were no prior year findings.

See accountant's compilation report.

TREEMONT WATER DISTRICT
Choudrant, Louisiana

CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2004

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
-----------------------------	-------------------------------	--	-----------------------------------	--

There are no current year findings.

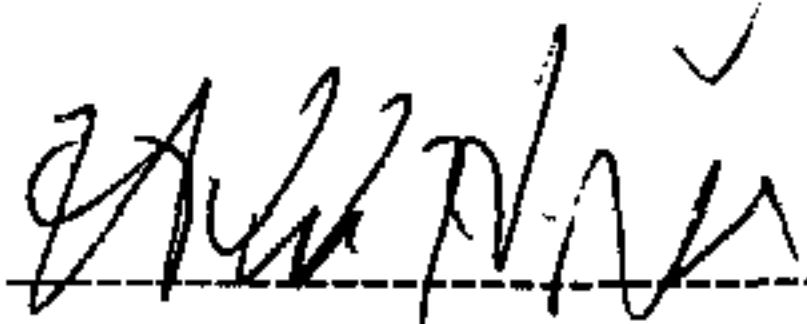
See accountant's compilation report.

TREEMONT WATER DISTRICT
Choudrant, Louisiana
ANNUAL SWORN FINANCIAL STATEMENTS
AND CERTIFICATION OF REVENUES \$50,000 OR LESS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004

A F F I D A V I T

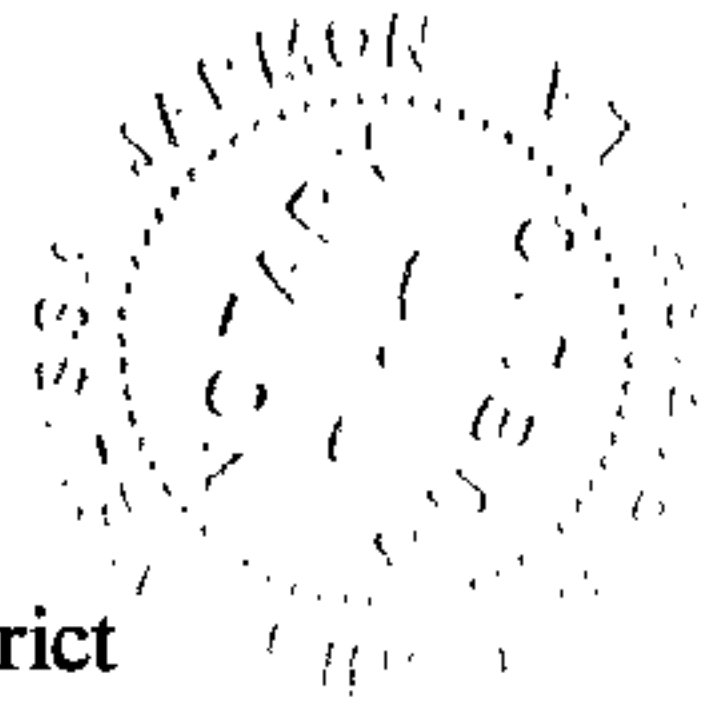
Personally came and appeared before the undersigned authority, Hilda H. Lee, who, duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Treemont Water District as of June 30, 2004, and the results of operations for the year then ended, in accordance with basis of accounting described within the accompanying financial statements.

In addition, Hilda H. Lee, who, duly sworn, deposes and says that the Treemont Water District received \$50,000 or less in revenues and other sources for the fiscal year ending June 30, 2004, and, accordingly, is not required to have an audit for the previously mentioned year.


Secretary-Treasurer

Sworn to and subscribed before me, this 21st day of Sept., 2004.

Melissa Gaudin
NOTARY PUBLIC
AL 2737



Agency: Treemont Water District
Address: 706 Pleasant Grove Rd.
Choudrant, Louisiana 71227
Telephone: (318) 255-6054