

RECEIVED  
LEGISLATIVE AUDITOR  
00 JUL -8 AM 10:29

**LAKE ST. JOHN WATERWORKS DISTRICT  
CONCORDIA PARISH POLICE JURY**

**Component Unit Financial Statements  
and Independent Auditors' Reports  
As of and for the Year Ended  
December 31, 1999**

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 JUN 21 2000

**LAKE ST. JOHN WATERWORKS DISTRICT**  
**TABLE OF CONTENTS**  
**DECEMBER 31, 1999**

	<b><u>Page</u></b>
<b>Section I - Component Unit Financial Statements</b>	<b>1</b>
<b>Independent Auditors' Report</b>	<b>2</b>
<b>Balance Sheet</b>	<b>3</b>
<b>Comparative Statement of Revenues, Expenses     and Changes in Retained Earnings</b>	<b>4</b>
<b>Comparative Statement of Cash Flows</b>	<b>5</b>
<b>Notes To Financial Statements</b>	<b>6-8</b>
<b>Section II - Supplemental Information Schedules</b>	<b>9</b>
<b>Schedule of Per Diem Paid</b>	<b>10</b>
<b>Section III - Compliance/Internal Control</b>	<b>11</b>
<b>Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i></b>	<b>12-13</b>
<b>Section IV - Schedule of findings and Questioned Costs</b>	<b>14</b>
<b>Schedule of Findings and Questions Costs</b>	<b>15</b>
<b>Summary Schedule of Prior Audit Findings</b>	<b>16</b>
<b>Section V - Response</b>	<b>17</b>
<b>Response from Client Concerning Internal Control</b>	<b>18</b>

**LAKE ST. JOHN WATERWORKS DISTRICT  
CONCORDIA PARISH POLICE JURY  
BALANCE SHEET  
DECEMBER 31, 1999**

<u>ASSETS</u>	(Memorandum Only)	
	<u>1999</u>	<u>1998</u>
<b>Current assets:</b>		
Cash	\$ 281,414	\$ 264,314
Accounts receivable - customer utilities	11,498	10,820
Accrued interest on investments	1,925	1,881
Inventory - supplies, at cost	6,330	5,547
Prepaid expenses	1,906	1,877
<b>Total current assets</b>	<b>303,073</b>	<b>284,439</b>
 <b>Restricted assets:</b>		
Cash - Meter deposits (Note C)	12,250	11,615
 <b>Plant and equipment (Note B)</b>		
Plant and equipment, at cost, net of accumulated depreciation (1999 \$311,934 1998 \$301,349)	172,498	172,091
 <b>Total assets</b>	<b>487,821</b>	<b>468,145</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>		
<b>Liabilities:</b>		
<b>Current liabilities: (payable from current assets)</b>		
Accounts payable	966	-
<b>Current liabilities: (payable from restricted assets)</b>		
Customer deposits (Note C)	12,250	11,615
<b>Total liabilities</b>	13,216	11,615
 <b>Fund equity:</b>		
Contributed capital	18,075	17,750
Retained earnings	456,530	438,780
<b>Total fund equity</b>	474,605	456,530
 <b>Total liabilities and fund equity</b>	\$ 487,821	\$ 468,145

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

LAKE ST. JOHN WATERWORKS DISTRICT  
 CONCORDIA PARISH POLICE JURY  
 ENTERPRISE FUND - UTILITY FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	<u>1999</u>	(Memorandum <u>Only</u> ) <u>1998</u>
<b>Operating Revenues:</b>		
Water sales	\$ 104,649	\$ 101,711
Installation and service charges	2,787	1,856
Penalties	1,736	1,779
Other revenue	225	275
<b>Total operating revenues</b>	<b>109,397</b>	<b>105,621</b>
 <b>Operating Expenses:</b>		
Salaries	32,461	32,063
Depreciation	10,586	10,164
Auto expense	9,437	9,491
Utilities	4,414	4,090
Repairs	20,850	9,084
Office supplies	3,462	4,786
Insurance	5,168	4,514
Chemicals	2,030	1,703
Cost of merchandise sold	1,967	1,351
Taxes	7,076	7,534
Per diem	120	120
Accounting	2,000	2,000
Miscellaneous	207	1,574
Bad debts	-	990
<b>Total operating expenses</b>	<b>99,778</b>	<b>89,464</b>
<b>Operating income</b>	<b>9,619</b>	<b>16,157</b>
 <b>Non-operating revenues</b>		
Interest income	8,131	8,621
<b>Net income</b>	<b>17,750</b>	<b>24,778</b>
 <b>Retained earnings, beginning</b>	<b>438,780</b>	<b>414,002</b>
 <b>Retained earnings, ending</b>	<b>\$ 456,530</b>	<b>\$ 438,780</b>

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

**LAKE ST. JOHN WATERWORKS DISTRICT  
CONCORDIA PARISH POLICY JURY  
COMPARATIVE STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

	<u>1999</u>	(Memorandum Only) <u>1998</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 108,719	\$ 106,519
Cash payments to suppliers for goods and services	(56,576)	(47,649)
Cash payments to employees for services	(32,461)	(31,572)
Net cash provided by operating activities	<u>19,682</u>	<u>27,298</u>
 <b>Cash flows from non-capital financing activities:</b>		
Increase in memberships	325	200
Increase in consumer deposits	<u>635</u>	<u>55</u>
Net cash provided by non-capital financing activities	<u>960</u>	<u>255</u>
 <b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets	<u>(10,993)</u>	<u>(22,330)</u>
 <b>Cash flows from investing activities:</b>		
Investment income	<u>8,087</u>	<u>8,612</u>
 Net increase in cash and cash equivalents	17,736	13,835
 Cash and cash equivalents at beginning of year	<u>275,929</u>	<u>262,094</u>
 Cash and cash equivalents at end of year	<u>\$ 293,665</u>	<u>\$ 275,929</u>
 <b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 9,619	\$ 16,157
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation	10,586	10,164
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(678)	898
(Increase) in other assets	(28)	(207)
(Increase) decrease in inventory	(783)	286
Increase in accounts payable	966	-
	<u>\$ 19,682</u>	<u>\$ 27,298</u>

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

**LAKE ST. JOHN WATERWORKS DISTRICT  
CONCORDIA PARISH POLICE JURY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1999**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**INTRODUCTION**

The Lake St. John Waterworks District was created by ordinance of the Concordia Parish Police Jury, as provided by Louisiana Revised Statutes 33:4562-4566. The District is governed by a board of five commissioners who are qualified voters and residents of the district. The five commissioners are jointly referred to as the board of commissioners and are appointed by the Concordia Parish Police Jury. The commissioners serve terms of five years, which expire on a rotating basis. The District was created for the purpose of owning and operating water processing and distribution facilities in the District which is located in an area including Lake St. John and parts of Lake Concordia and the general area located between the two lakes.

**1. FINANCIAL REPORTING ENTITY**

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Oversight responsibility by the police jury is determined on the basis of the following criteria:

1. Appointment of governing board
2. Designation of management
3. Ability to significantly influence operations
4. Accountability for fiscal matters
5. Scope of public service

Because the police jury appoints the governing board and has the ability to significantly influence operations, the district was determined to be a component unit of the Concordia Parish Police Jury, the governing body of the parish and the governmental body with oversight responsibility. 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 reporting entity.

**2. FUND ACCOUNTING**

**PROPRIETARY FUND -**

**Enterprise fund**

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.



**LAKE ST. JOHN WATERWORKS DISTRICT  
CONCORDIA PARISH POLICE JURY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1999**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED**

The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheet.

**3. PROPERTY PLANT AND EQUIPMENT**

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against their operations. All fixed assets are stated at historical cost. Depreciation has been provided over the estimated useful lives using the straight-line method as follows:

Plant and water lines	50 years
Office equipment	7-10 years
Water well	10 years

**4. BASIS OF ACCOUNTING**

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

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

**5. INVENTORIES**

Inventory consists of \$ 6,330 and is recorded as an expense when consumed. Inventory of supplies is valued at cost.

**6. BAD DEBTS**

Bad debts are uncollectable amounts of customer utility receivables.

**7. COMPARATIVE DATA**

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the financial position of the District. This data is labeled (Memorandum Only).

**8. CASH FLOWS**

For purposes of reporting cash flows, cash and cash equivalents are defined as those amounts included in the balance sheet caption "cash".

**LAKE ST. JOHN WATERWORKS DISTRICT  
CONCORDIA PARISH POLICE JURY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1999**

**NOTE B - CHANGES IN FIXED ASSETS**

A summary of plant and equipment at December 31, 1999 is as follows:

Land	\$ 2,820
Plant equipment	403,092
Office furniture and fixtures	19,338
Water well	<u>59,182</u>
Total	484,432
Less accumulated depreciation	<u>(311,934)</u>
Net	<u><u>\$ 172,498</u></u>

**NOTE C - RESTRICTED ASSETS**

Certain cash accounts are restricted for customer deposits. The amount restricted was \$12,250 at December 31, 1999.

**NOTE D - RETIREMENT COMMITMENTS**

The Lake St. John Waterworks District employees are all members of the social security system and are members of no other retirement plan. The expense of the social security is reflected in taxes account in the statement of revenues and expenses.

**NOTE E - CASH AND INVESTMENTS**

At year-end, the carrying amount of the District's deposits (checking and savings accounts) was \$293,665 and the bank's balance was \$292,214. Of the bank balance \$256,503 was covered by federal depository insurance and \$35,711 was covered by collateral held by its agent in the District's name.

**NOTE F - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

The District does not accrue unpaid vacation pay on its financial statements and does not allow the carryover of unused vacation pay from one year to the next. The District has no policy for accrued vacation pay for terminated employees.

**NOTE G - RISK MANAGEMENT**

The District is exposed to certain risks of losses such as property damage, liability issues and other potential losses that may occur. The District minimizes its losses by purchase of commercial insurance. The District's exposure over the amount of insurance is considered to be immaterial.



**SECTION II – SUPPLEMENTAL INFORMATION SCHEDULE**

**LAKE ST. JOHN WATERWORKS DISTRICT**  
**SCHEDULE OF PER DIEM PAID**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

<u>NAME</u>	<u>AMOUNT</u>
Betty King	\$ 40
Norman Magee	40
Gertude Barber	<u>40</u>
 Total	 <u><u>\$ 120</u></u>

**SECTION III – COMPLIANCE/INTERNAL CONTROL**

# SWITZER, HOPKINS & MANGE

Certified Public Accountants

DENNIS R. SWITZER, CPA  
H. MYLES HOPKINS, CPA  
SUSAN L. MANGE, CPA

JOHN M. JONES, CPA 1921 - 1983

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

**Members of the Board of Directors  
Lake St. John Waterworks District  
Ferriday, Louisiana**

We have audited the general-purpose financial statements of Lake St. John Waterworks District as of and for the year ended December 31, 1999, and have issued our report thereon dated June 1, 2000. We have 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 Lake St. John 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, non compliance 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 object 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 the Lake St. John 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Lake St. John Waterworks District's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The only reportable condition is described in the schedule of findings and questioned costs as item 99-1.

**A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described is not a material weakness.**

**This report is intended for the information and use of management of the district and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.**

**Ferriday, Louisiana  
June 1, 2000**

*Switzer, Hopkins & Mange*



**SECTION IV – SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

**LAKE ST. JOHN WATERWORKS DISTRICT  
CONCORDIA PARISH POLICE JURY**

**Schedule of Findings and Questioned Costs  
Year Ended December 31, 1999**

**Summary of Audit Results**

- 1. The auditor's report expresses an unqualified opinion on the Component Unit Financial Statements.**
- 2. Our reportable condition was disclosed during the audit of the financial statements reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.**
- 3. No instances of noncompliance material to the financial statements of Lake St. John Waterworks District were disclosed during the audit.**

**Findings – Financial Statement Audit**

**Reportable Conditions**

**99-1 Segregation of Duties**

- Condition:** We noted that Lake St. John Waterworks District does not have adequate segregation of duties.
- Criteria:** To increase internal controls, we recommend adequate segregation of duties.
- Effect:** Because of lack of segregation of duties, internal controls are weakened.
- Recommendation:** We recommend that an attempt be made to strengthen internal control problems created by having few employees.
- Response:** Management indicated that it would not be cost efficient or feasible to increase the number of employees.

**LAKE ST. JOHN WATERWORKS DISTRICT  
CONCORDIA PARISH POLICE JURY**

**Summary Schedule of Prior Audit Findings  
Year Ended December 31, 1999**

**INTERNAL CONTROL FINDINGS**

**98-1 Segregation of Duties**

**Condition:** We noted that Lake St. John Waterworks District does not have adequate segregation of duties.

**Current status:** This finding still applies and is noted in the current audit for the year ended December 31, 1999. (See current finding 99-1)

**SECTION V - RESPONSE**

# *Lake St. John Water Works District*

OFFICE HOURS  
8:30 TILL 12 A. M.  
MONDAY THRU FRIDAY

1185 HIGHWAY 569  
FERRIDAY, LA 71334-4450  
PHONE 757-3853

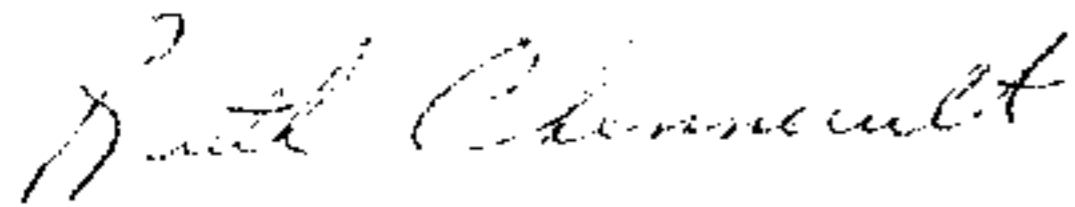
**June 2, 2000**

**Switzer, Hopkins & Mange  
P. O. Box 478  
Ferriday, LA 71334**

**Dear Mr. Hopkins:**

**In regard to the segregation of duties internal control problem discussed in our audit for the year ended December 31, 1999, there is nothing feasible that we can do or plan to do about the problem. We have only one employee and do not plan to do hire any additional employees at this time. There is no way to segregate duties when you have only one employee.**

**Sincerely,**



**Ruth Chennault  
Secretary**