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**WATER WORKS DISTRICT NO. 1 OF
PARISH OF EVANGELINE, LOUISIANA
PINE PRAIRIE, LOUISIANA
FINANCIAL REPORT**

October 31, 1997 and 1996

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 4-15-98

98-0-071 8-23-98
101
2000-03-23-98

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report	1
Balance Sheets	2-3
Statements of Revenues, Expenses and Charges in Retained Earnings	4
statements of changes in paid equity	5
Statements of Cash Flows	6
Notes to Financial Statements	7-12
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	13-14

VELLON, VIJE & TUJAGNE
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INDEPENDENT AUDITORS' REPORT

Board of Directors,
Water Works District No. 1 of Evangeline Parish,
State of Louisiana,
Fire Prairie, Louisiana

We have audited the accompanying component unit financial statements of Water Works District No. 1 of Evangeline Parish, State of Louisiana, a component unit of the Parish of Evangeline, State of Louisiana, as of and for the years ended October 31, 1997 and 1996, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of Water Works District No. 1 of Evangeline Parish, State of Louisiana, a component unit of the Parish of Evangeline, Louisiana, as of October 31, 1997 and 1996, and the results of its operations and the changes in financial position for the years then ended in conformity with generally accepted accounting principles.

Vellon, Vije & Tujagne

Vellon, Vije and Tujagne
December 11, 1997

**WATER WORKS DISTRICT NO. 1 OF PARISH OF
Evangeline, Louisiana
BALANCE SHEET
OCTOBER 31, 1937 AND 1936**

	1937	1936
ASSETS		
Current Assets		
Cash	\$ 10,008	\$ 14,483
Savings	206,142	228,771
Accounts Receivable	4,841	5,974
Prepaid Insurance	4,840	3,898
Accrued Interest Receivable	1,434	1,888
Total Current Assets	<u>227,265</u>	<u>255,014</u>
Restricted Assets		
Cash	<u>18,653</u>	<u>19,215</u>
Property and Equipment		
Equipment	138,000	132,867
Building	82,344	80,456
Meter Works System	<u>388,888</u>	<u>384,224</u>
	757,024	747,447
Less Accumulated Depreciation	<u>(188,178)</u>	<u>(182,211)</u>
Total Property and Equipment	<u>568,846</u>	<u>565,236</u>
TOTAL ASSETS	<u>\$714,770</u>	<u>\$737,215</u>

See Notes to Financial Statements

WATER WORKS DISTRICT NO. 1 OF PARISH OF
CALCASIEUS, LOUISIANA

BALANCE SHEET
OCTOBER 31, 1997 AND 1998

LIABILITIES AND FUND EQUITY

	1997	1998
Current Liabilities		
Accounts Payable	\$ 4,780	\$ 5,983
Accrued Expenses Payable	2,778	2,228
Interest Payable	2,618	2,939
Current Portion of Long-Term Debt	<u>18,032</u>	<u>16,880</u>
Total Current Liabilities	<u>28,208</u>	<u>27,930</u>
Payable From Restricted Assets		
Water Deposits	\$ 20,888	\$ 20,888
Long-Term Debt		
Notes Payable	<u>118,950</u>	<u>135,000</u>
Total Liabilities	<u>168,046</u>	<u>183,818</u>
Fund Equity		
Contributed Equity	193,214	193,214
Retained Earnings	<u>159,724</u>	<u>222,294</u>
Total Fund Equity	<u>352,938</u>	<u>415,508</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>520,984</u>	<u>599,326</u>

see Notes to Financial Statements

**WATER WORKS DISTRICT NO. 1 OF PARISH OF
TERREBINE, LOUISIANA**
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
FOR THE YEARS ENDED OCTOBER 31, 1991 AND 1992

	1991	1992
Revenues		
Customer Water Service	\$ 44,718	\$ 41,889
connect and disconnect Fee	4,935	6,435
Late Charges	3,418	1,383
Rental Fees	2,058	2,939
Miscellaneous	<u> </u>	<u> </u>
Total Revenues	\$ 55,129	\$ 53,646
Operating Expenses		
Salaries and Wages	52,237	49,433
Depreciation	25,868	31,288
Repairs and Maintenance	3,104	3,873
Telephone and Utilities	14,028	12,126
Materials and Supplies	9,723	10,487
Payroll Tax Expense	4,140	3,877
Board Fees	12,629	11,780
Professional Fees	3,775	4,325
Insurance	14,028	9,771
Office Supplies	2,889	2,250
Postage	1,659	1,743
Donn	483	480
Travel Expense	3,289	4,403
Interest	8,436	9,339
Miscellaneous	<u>2,038</u>	<u>1,834</u>
Total Operating Expenses	197,728	191,921
Income (Loss) from Operations	(142,599)	(138,274)
Non-Operating Revenues		
State Revenue Sharing	3,940	4,129
Ad Valorem Tax	44,901	44,389
Interest Earned	<u>11,458</u>	<u>14,867</u>
Total Non-Operating Revenues	60,300	63,385
Net (Loss)	(82,299)	(74,889)
Retained Earnings, Beginning	318,284	368,827
Retained Earnings, Ending	\$235,985	\$313,938

See Notes to Financial Statements

WATER WORKS DISTRICT NO. 1 OF PARISH OF
ENFANGELINE, LOUISIANA
STATEMENTS OF CHANGES IN FUND EQUITY
FOR THE YEARS ENDED OCTOBER 31, 1997 AND 1998

	CONTRIBUTED CAPITAL	RETAINED EARNINGS	TOTAL
Balance at October 31, 1995	\$197,714	\$188,837	\$386,551
Net loss	_____	(18,253)	(18,253)
Balance at October 31, 1996	\$197,714	\$170,584	\$368,298
Net loss	_____	(21,565)	(21,565)
Balance at October 31, 1997	<u>\$197,714</u>	<u>\$149,019</u>	<u>\$346,733</u>

See Notes to Financial Statements

WATER WORKS DISTRICT NO. 1 OF PARISH OF
EVERHART, LOUISIANA
STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED OCTOBER 31, 1997 AND 1996

	1997	1996
Cash Flows From Operating Activities		
Net Income (Loss)	\$ (21,660)	\$(16,381)
Non-Cash Expenses		
Depreciation	25,668	31,056
Decrease (Increase) in Savings	22,629	10,761
Decrease (Increase) in Accounts		
Receivable	(668)	499
(Decrease) in Prepaid Insurance	(2,145)	1,555
Decrease in Accrued Interest Receivable	262	528
Decrease (Increase) in Restricted Assets	(678)	(2,474)
Increase (Decrease) in Accounts Payable	(2,138)	1,471
Increase (Decrease) in Accrued Expenses		
Payable and Interest Payable	(747)	688
Increase (Decrease) in Other Deposits	<u>485</u>	<u>1,315</u>
Net Cash Provided by Operations	<u>21,828</u>	<u>19,128</u>
Cash Flows from Investing Activities		
Acquisition of Property and Equipment	(10,387)	(10,184)
Proceeds from Sale of Assets	<u>-0-</u>	<u>-0-</u>
Net Cash Used by Investing Activities	<u>(10,387)</u>	<u>(10,184)</u>
Cash Flows from Financing Activities		
Payments on Loan	<u>(16,980)</u>	<u>(16,980)</u>
Net Cash Provided by Financing	<u>(16,980)</u>	<u>(16,980)</u>
activities		
Net Increase (Decrease) in Cash	(4,426)	4,816
Cash at Beginning of Year	<u>14,463</u>	<u>10,447</u>
Cash at End of Year	<u>\$ 10,038</u>	<u>\$ 14,463</u>
Supplemental Disclosures of Cash Flows		
Non-Cash Investing and Financial Transactions		
Purchase of Assets	\$ 10,387	\$ 10,184
Amount Financed	<u>-0-</u>	<u>-0-</u>
Net Cash Flow to Purchase assets	<u>\$ 10,387</u>	<u>\$ 10,184</u>
Interest Paid	<u>\$ 3,122</u>	<u>\$ 3,622</u>

See Notes to Financial Statements

WATER WORKS DISTRICT NO. 1 OF PARISH OF
EVANGELINE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 1997 AND 1996

Introduction

The Water District is governed by eight commissioners who are resident property taxpayers of the district. These eight commissioners are collectively referred to as the Board of Commissioners and are appointed by the Evangeline Parish Police Jury and the City of Pine Prairie. Vacancies are filled by the bodies making the original appointments. The water district was created to provide water within the district. The water district is a component unit of the Evangeline Parish Police Jury. The system has approximately 650 customers and employs 4 people.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the Evangeline Parish Water District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Evangeline Parish Police Jury is the financial reporting entity for Evangeline Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and 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 Evangeline Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit

EVANGELINE PARISH WATER DISTRICT NO. 1
EVANGELINE PARISH
NOTES TO FINANCIAL STATEMENTS (Continued)

within the reporting entity is financial accountability. The GAO has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints a majority of the districts governing body, the district was determined to be a component unit of the Evangeline Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general governmental services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The Evangeline Parish Water District is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

EVANGELINE PARISH WATER DISTRICT NO. 1
EVANGELINE PARISH
NOTES TO FINANCIAL STATEMENTS (Continued)

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund is included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. The Enterprise Fund uses the following practices in recording certain revenues and expenses:

REVENUES

Revenues are recorded on the accrual basis of accounting

EXPENSES

Expenses are recorded on the accrual basis of accounting

E. CASH AND SAVINGS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Under state law, the district may invest in United States bonds, treasury notes or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost, all amounts are insured by the FDIC or collateralized by security agreements.

EVANGELINE PARISH WATER DISTRICT NO. 1
EVANGELINE PARISH
NOTICE TO FINANCIAL STATEMENTS (Continued)

F. PREPAID ITEMS

Payments made to insurance companies for insurance that will benefit future periods beyond October 31, 1997, are recorded as prepaid insurance.

G. RESTRICTED ASSETS

Customer Security Deposits are recorded as restricted assets and the accompanying liability as a payable from restricted assets.

H. PROPERTY AND EQUIPMENT:

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Depreciation expense totaled \$25,668 and \$31,850 for the years ended October 31, 1997 and 1996, respectively. The cost of maintenance and repairs is charged to operations as incurred. Major renovations, betterments, and additions are capitalized. Interest costs during construction periods are capitalized. When capital assets are retired or disposed of, the cost of the asset and accumulated depreciation is eliminated from the accounts and the resulting gain or loss from such disposition is credited or charged to income, except that the gain or loss on assets traded in for new equipment is applied as an adjustment to the cost of the asset acquired. The estimated useful lives of these assets are as follows:

Equipment	5-10 years
Building	18-31.8 years
Water Works System	40-60 years

I. COMPENSATED ABSENCES

Employees of the Water District are entitled to two weeks of vacation. Each full time employee is allocated 9 days of sick leave per year, accumulating to 18 days, however all accrued sick leave is not a vested benefit and accordingly no liability has been recorded. Accrued vacation at October 31, 1997 and 1996 totaled \$970 and \$980 and is included in accrued expenses payable.

STANISLAUS PARISH WATER DISTRICT NO. 1
STANISLAUS PARISH
NOTES TO FINANCIAL STATEMENTS (Continued)

J. ALLOWANCE FOR DOUBTFUL ACCOUNTS

No allowance for doubtful accounts has been established because management believes all accounts receivable will be collected.

K. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the Enterprise Fund.

L. FUND EQUITY

Contributed Capital

Grants, entitlements, or shared revenues received that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired from such contributions.

2. RESTRICTED ASSETS

Restricted Assets consist of the following:

	<u>1991</u>	<u>1994</u>
Customer Deposits	\$28,803	\$28,128
Total Restricted Assets	<u>\$28,803</u>	<u>\$28,128</u>

3. AD VALOREM TAXES

The ad valorem tax levied by the Water District is 12.71 mills. They become due December 31, and all property taxes are collected by the Water District's fiscal year end.

4. LONG TERM - DEBT

Long - Term debt consist of the following:

Certificates of indebtedness, series 1994, payable to Citizens Bank, dated July 1994, original amount of \$180,800 payable in 10 years at 8.25 per annum, secured by the Water System pledge and dedication of excess revenues including property tax collections.

EVANGELINE PARISH WATER DISTRICT NO. 1
EVANGELINE PARISH
NOTES TO FINANCIAL STATEMENTS (Continued)

	1991	1992
Long Term Debt	\$132,000	\$132,000
Less Current Maturities	<u>12,000</u>	<u>12,000</u>
Net Long Term Debt	<u>\$120,000</u>	<u>\$120,000</u>

Principle payments due on Long-term debt outstanding at October 31, 1997, during the next five years are as follows: 1998 - \$16,000; 1999 - \$17,000; 2000 - \$18,000; 2001 - \$19,000; 2002 - \$20,000.

6. COMPENSATION OF BOARD OF COMMISSIONERS

The board members received the following per diem:

Members	Meetings Attended	Total
L. D. Beahotel	24	\$ 1,440
Hazel Ardoin	24	1,440
George Vidrine, Vice President	22	1,320
Ellie West	23	1,380
William Mast, Jr. President	24	1,440
Louis Johnson	24	1,440
Alfred Olivier	22	1,320
Lara Smith	22	<u>1,320</u>
		<u>\$11,680</u>

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

Water Works District No.1
Of Evangeline Parish
Pine Bluff, Louisiana 70076

We have audited the financial statements of the Water Works District No. 1 of Evangeline Parish as of and for the year ended October 31, 1997, and have issued our report thereon dated December 11, 1997. 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 the Water Works District No.1 of Evangeline Parish 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 the Water Works District No. 1 of Evangeline Parish internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 organization ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

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 accounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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 following reportable conditions described above is a material weakness.

Finding: The segregation of duties is inadequate to provide effective internal control.

Cause: The condition is due to a limited number of personnel.

Recommendation: No action is recommended.

Management's Response: We concur in the findings.

This report is intended for the information of the audit committee, management and Federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Walter Nijc (Signature)

Veillon, Nijc & Tujeque
December 11, 1997