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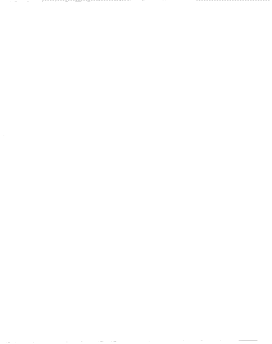
**CONSOLIDATED WATER DISTRICT NO. 2
OF MORNINGSIDE PARISH
MORNINGHOUSE PARISH POLICE JURY
Burrage, Louisiana**

**Component Unit Financial Statements
and Accountant's Compilation Report
As of and for the Year Ended
December 31, 1998**

**With Supplemental Information Schedule, and
Accountant's Report on Applying Agreed-Upon Procedures
For the Year Ended December 31, 1998**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, 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, if so appropriate, at the office of the parish clerk of court.

Release Date: _____



**CONSOLIDATED WATER DISTRICT NO. 2
OF ANDERSON/BOISE PARISH
MORNINGHOUSE PARISH POLICE JURY
Bastrop, Louisiana**

Component Unit Financial Statements
and Accountant's Compilation Report
As of and for the Year Ended
December 31, 1988

With Supplemental Information Schedule, and
Agreed-Upon Procedures Report
For the Year Ended December 31, 1988

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RICHARD B. GARRETT
Certified Public Accountant
1557 Franchiser's Herd Road
Monroe, Louisiana 71201

Accountant's Compilation Report

**CONSOLIDATED WATER DISTRICT NO. 2
OF MONROEHOUSE PARISH
MONROEHOUSE PARISH POLICE JURY
Bossier, Louisiana**

I have compiled the accompanying component unit financial statements and the supplemental information schedule of Consolidated Water District No. 2 of Monroehouse Parish, a component unit of the Monroehouse Parish Police Jury, as of and for the year ended December 31, 1989, as listed in the foregoing table of contents, in accordance with standards established 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 component unit financial statements and schedules and, accordingly, do not express an opinion or any other form of assurance on them.


Richard B. Garrett

Monroe, Louisiana
March 4, 1989

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Statement A

CONSOLIDATED WATER DISTRICT NO. 2
 OF MOREHOUSE PARISH
 MOREHOUSE PARISH POLICE JURY
 Baton Rouge, Louisiana
 PROPRIETARY FUND - ENTERPRISE FUND
 (All Fund Types and Account Groups)

Balance Sheet, December 31, 1999

ASSETS

Current assets:

Cash and cash equivalents (note 2)	\$384,090
Accounts receivable - water sales	12,082
Inventory (note 1-H)	58,340
Total current assets	<u>454,512</u>
Restricted assets - cash and cash equivalents (note 2)	27,821
Property, plant, and equipment	501,582
Less accumulated depreciation	<u>(204,091)</u>
Net property, plant, and equipment (note 2)	<u>297,491</u>
TOTAL ASSETS	<u>\$752,196</u>

LIABILITIES AND FUND EQUITY

Liabilities - current liabilities (payable from current assets):

Accounts payable	\$3,876
Taxes payable	<u>373</u>
Total current liabilities (payable from current assets)	4,249
Long-term liabilities (payable from restricted assets) - customer deposits	27,821
Total Liabilities	<u>32,070</u>
Fund Equity - retained earnings - Unreserved	<u>720,126</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$752,196</u>

The accompanying notes are an integral part of this statement.

Statement B

CONSOLIDATED WATER DISTRICT NO. 2
 OF MOREHOUSE PARISH
 MOREHOUSE PARISH POLICE JURY
 Bastrop, Louisiana
 PROPRIETARY FUND - ENTERPRISE FUND

Statement of Revenues, Expenses, and
 Changes in Retained Earnings
 For the Year Ended December 31, 1998

OPERATING REVENUES	
Water sales	\$185,000
Installation and connection fees	70,204
Other	1,127
Total operating revenues	<u>256,331</u>
OPERATING EXPENSES	
Salaries	70,600
Per diem (Schedule 1)	7,000
Employee benefits	76,178
Operating services	20,449
Office expenses	4,080
Maintenance, repairs, and materials	21,285
Depreciation	10,085
Professional services	1,480
Other	1,285
Total operating expenses	<u>185,567</u>
OPERATING INCOME (LOSS)	<u>77,767</u>
NONOPERATING REVENUES	
Sale of fixed assets	1,783
Use of money and property - interest income	21,000
Total nonoperating revenues	<u>22,783</u>
NET INCOME	91,430
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>188,587</u>
RETAINED EARNINGS AT END OF YEAR	<u>280,017</u>

The accompanying notes are an integral part of this statement.

Statement C

CONSOLIDATED WATER DISTRICT NO. 2
 OF MOREHOUSE PARISH
 MOREHOUSE PARISH POLICE JURY
 Morehouse, Louisiana
 PROPRIETARY FUNDS - ENTERPRISE FUND

Statement of Cash Flows
 For the Year Ended December 31, 1998

Cash flows from operating activities:	
Cash received from customers	\$204,848
Cash payments to suppliers and employees	(151,567)
Make deposits from accounts (net)	1,862
State sales tax (net)	62
Net cash provided (used) by operating activities	<u>55,205</u>
Cash flows from capital and related financing activities - sale and purchase of fixed assets - net	
	(52,838)
Cash flows from investing activities - interest income from time deposits	
	<u>21,858</u>
Net increase in cash and cash equivalents	24,225
Cash and cash equivalents at beginning of year	<u>365,588</u>
Cash and cash equivalents at end of year	<u>\$389,813</u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	<u>\$27,707</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	78,000
Changes in assets and liabilities:	
Increase/Decrease in:	
Accounts receivable	624
Inventory	(3,185)
Accounts payable - operating	183
Customer deposits	<u>1,862</u>
Total adjustments	<u>17,222</u>
Net cash provided (used) by operating activities	<u>\$55,205</u>

The accompanying notes are an integral part of this statement.

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**CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
MOREHOUSE PARISH POLICE JURY
Bastrop, Louisiana**

*Notes to the Financial Statements
As of and for the Year Ended
December 31, 1998*

INTRODUCTION

Consolidated Water District No. 2 of Morehouse Parish was created by the Morehouse Parish Police Jury as authorized by Louisiana Revised Statute 33:3811. The water district is governed by a five member board of commissioners who are residents of, and own real estate in, the district. The board is appointed by the police jury and is responsible for providing water service to users within the boundaries of the district. The water district serves approximately 580 customers and consists of approximately 124 miles of water system in rural Morehouse Parish.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying component unit financial statements of Consolidated Water District No. 2 of Morehouse Parish 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 Morehouse Parish Police Jury is the financial reporting entity for Morehouse Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which 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 Morehouse Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting

**CONSOLIDATED WATER DISTRICT NO. 2
OF MONROUHSE PARISH
MONROUHSE PARISH POLICE JURY
Bastrop, Louisiana
Notes to the Financial Statements (Continued)**

entity is financial accountability. The GAEB 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 financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are financially dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misstating if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints the members of the governing board, because of the scope of public service, and because the district is located within the geographical jurisdiction of the police jury, the district was determined to be a component unit of the Monrouhse Parish Police Jury, the financial reporting entity. The accompanying component unit 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 units that comprise the financial reporting entity.

C. FUND ACCOUNTING

Consolidated Water District No. 2 of Monrouhse Parish 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 interest 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.

**CONSOLIDATED WATER DISTRICT NO. 2
OF MONTEBOISE PARISH
MONTEBOISE PARISH POLICE JURY
Bastrop, Louisiana
Notes to the 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 liabilities associated with the operation of this fund are included on the balance sheet. The Enterprise Fund uses the cash basis of accounting. However, the Enterprise Fund reported in the accompanying component unit financial statements has been converted to an 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

Water sales are recorded when earned by the water district. Water bills are due and payable to the water district by the fifteenth day of the month following receipt of the service.

Connections and installation fees are recorded when the services are performed and due to the water district.

Interest earnings on time deposits are recorded when the time deposits have matured and the interest is available. Interest income on interest bearing demand deposits is recorded at the end of each month when credited by the bank.

Expenses

All expenses are recognized when incurred.

E. BUDGETS

Generally accepted accounting principles as applied to governmental units do not require the preparation of a budget for Proprietary - Enterprise Funds. Additionally, Louisiana law has not required that districts of this nature prepare and adopt annual budgets for operations. Therefore, a budget comparison is not presented in the accompanying component unit financial statements.

**CONSOLIDATED WATER DISTRICT NO. 2
OF MONTEREGIEUX PARISH
MONTEREGIEUX PARISH POLICE JURY
Bossier, Louisiana
Notes to the Financial Statements (Continued)**

F. ENCUMBRANCES

The district does not use encumbrance accounting in its accounting system.

G. CASH AND CASH EQUIVALENTS

Cash includes amounts in petty cash and interest bearing demand deposits. Cash equivalents include amounts in time deposits. 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.

H. INVENTORY

Inventory consists of parts and expendable supplies and is recorded at an expense when consumed. Inventory is valued at market, which approximates cost.

I. RESTRICTED ASSETS

Water deposits in the Enterprise Fund are classified as restricted assets on the balance sheet because their use is limited by liability to customers.

J. FIXED ASSETS

Fixed assets, and accumulated depreciation thereon, of the water district are included on the balance sheet of the Enterprise Fund. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the property as follows:

Water systems, tanks, and wells	40 years
Equipment and buildings	3-20 years

K. COMPENSATED ABSENCES

The district has three salaried employees and two hourly employees. There is no vacation or sick leave granted to the hourly employees. The salaried employees are granted up to 2 weeks annual leave depending on length of service. The leave is non-cumulative. Upon termination, employees are not paid for unused vacation leave. Sick leave is granted on an as needed basis.

**CONSOLIDATED WATER DISTRICT NO. 3
OF MORRISMONTE PARISH
MORRISMONTE PARISH POLICE JURY
Bossier, Louisiana
Notes to the Financial Statements (Continued)**

At December 31, 1998, there are no accumulated and vested benefits relating to vacation and sick leave that require accrual or disclosure to conform with GASB Codification Section 600.

2. CASH AND CASH EQUIVALENTS

At December 31, 1998, the water district has cash and cash equivalents (bank balances) totaling \$392,907, as follows:

Interest-bearing demand deposits	\$109,924
Time deposits	282,783
Post Office	—
Total	<u>\$392,907</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. 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 December 31, 1998, the water district has \$293,668 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$193,668 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the water district that the fiscal agent has failed to pay deposited funds upon demand.

**CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
MOREHOUSE PARISH POLICE JURY
Bossier, Louisiana**
Notes to the Financial Statements (Continued)

A. FIXED ASSETS

A summary of fixed assets at December 31, 1998, follows:

	Cost	Accumulated Depreciation	Net
Land	\$1,000		\$1,000
Buildings and equipment	100,895	(34,689)	66,117
Water systems, tanks and wells	460,037	(238,307)	221,730
Total	\$518,932	(\$273,005)	\$245,927

4. PENSION PLAN

The employees of Consolidated Water District No. 2 of Morehouse Parish are members of the Social Security System. In addition to the employee contribution withheld at 6.2 per cent of gross salary, the water district contributes an equal amount to the Social Security System. Aggregate pension cost for the year was \$8,771. The water district does not guarantee the benefits granted by the Social Security System.

5. OTHER POSTEMPLOYMENT BENEFITS

The water district provides no postretirement health care and life insurance benefits to former employees.

6. LITIGATION AND CLAIMS

At December 31, 1998, the water district is not involved in any litigation nor is management aware of any claims.

7. Year 2000 Compliance

Consolidated Water District No. 2 of Morehouse Parish maintains its cash journal on a hand set of records. The recording, billing, and collection of water sales are recorded on the computer. Management of the district does not feel that there will be any major year 2000

**CONSOLIDATED WATER DISTRICT NO. 2
OF ANDREBOULET PARISH
WATERBOUSE PARISH POLICE JURY
Bastrop, Louisiana
Notes to the Financial Statements (Continued)**

compliant problems in recording water sales in the computer. The water district receives the majority of its revenue through water sales from individuals. Management of the district does not feel that there will be a year 2000 compliant problem in collecting its revenue from the individuals. However, the water supply to the customers is generated by electricity from a utility company. The utility company from which the water district receives its electricity has assured the water district they will be year 2000 compliant. The water district does not warrant or guarantee that its power supply provider will be 2000 compliant. Should the utility company not be year 2000 compliant, the district may have problems providing water to its customers; thus, not being able to generate revenue for the water district nor meet its cash flow needs from current operations. To meet its cash flow needs, the water district would have to draw on its surplus or make bank loans.

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**CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
MOREHOUSE PARISH POLICE JURY
Houma, Louisiana**

**SUPPLEMENTAL INFORMATION SCHEDULE
For the Year Ended December 31, 1988**

FOR DEEM-PAYED BOARD MEMBERS

The schedule of per diem paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1978 Session of the Louisiana Legislature. As provided by Louisiana Revised Statute 33:2819, board members receive \$35 for regular meetings and \$75 for special meetings attended.

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CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
MOREHOUSE PARISH POLICE JURY
Boutep, Louisiana

Schedule of Per Diem Paid Board Members
For the Year Ended December 31, 1998

	NUMBER	AMOUNT
Douglas Gayne	9	\$205
Earl Morrison	13	445
Wynn Smith, President	14	470
Floyd Tomblid	11	365
John Williams	13	<u>435</u>
Total		<u>\$2,500</u>

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**CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
MOREHOUSE PARISH POLICE JURY
Destree, Louisiana**

*Independent Accountant's Report on Applying
Agreed-Upon Procedures
For the Year Ended December 31, 1998*

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RICHARD E. GARRETT
Certified Public Accountant
149 Fairbroke Drive
Monroe, Louisiana 71202

*Independent Accountant's Report
on Applying Agreed-Upon Procedures*

**CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH**
MOREHOUSE PARISH POLICE JURY
Bastrop, Louisiana

I have performed the procedures included in the *Louisiana Government Audit Code* and enumerated below, which were agreed to by the Board of Commissioners of Consolidated Water District No. 2 of Morehouse Parish, a component unit of the Morehouse Parish Police Jury, and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Consolidated Water District No. 2 of Morehouse Parish's compliance with certain laws and regulations for the year ended December 31, 1998, included in the accompanying *Louisiana Attachment (Exhibit/Annex)*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. 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 purposes for which this report has been requested or for any other purposes.

Public Bid Law

1. Review the board minutes and all expenditures made during the year ended December 31, 1998, for material and supplies exceeding \$7,500, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2210-2251 (the public bid law).

During the year the water district estimated the water lines on Gladys Creek Road for \$22,261. The estimate included materials and labor. I examined the documentation which indicated that the water district advertised for bids and that the ad was placed in the newspaper 15 days prior to the bid opening. The board accepted the low bid. The board complied with the provisions of LSA-RS 38:2210-2251, the "public bid law."

RICHARD H. GARNETT

**CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH**

Morehouse Parish Police Jury
Baton Rouge, Louisiana
Agreed-Upon Procedures Report
March 4, 1999
Page 2

During my test, I did not become aware of any other expenditures that applied to the public bid law.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each commissioner as defined by *LSA-RS 42:1001-1124* (the code of ethics), and a list of outside business interest of the commissioners and the employees, as well as their immediate families.

Management provided me with the requested list which included all of the noted information.

3. Obtain from management payroll data for all employees paid for the year ended December 31, 1998.

Management provided me the requested payroll data.

4. Determine whether any of the employees paid during the year, per the payroll data in agreed-upon procedure no. 3, were included on the list from management of immediate family members, per agreed-upon procedure no. 2.

None of the employees included in the payroll data (agreed-upon procedure no. 3) were included on the list from management of immediate family members (agreed-upon procedure no. 2).

RICHARD H. GARRETT

CONSOLIDATED WATER DISTRICT NO. 2

THE STOREHOUSE PARISH

Mathews Parish Police Jury

Houma, Louisiana

Agreed-Upon Procedures Report

March 4, 1999

Page 3

Accounting and Reporting

5. Randomly select 6 disbursements made during the year ended December 31, 1998, and:

(a) trace payments to supporting documentation as to proper amount and payee;

I examined the supporting documentation for each of the six 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 general ledger account; and

I examined the documentation of each expenditure to determine that the expenditure had been charged to the proper account code. All expenditures were charged to the proper general ledger account code.

(c) determine whether payments received approval from proper authorities.

Three of the six expenditures examined were for maintenance, utilities, and miscellaneous. Expenditures of this type, which are supported by an invoice, are approved by a commissioner initialing the invoice indicating approval for payment. Another of the expenditures examined was a per diem payment to a commissioner. Per diem amounts are established by LSA-RS 33:3879. Two expenditures were for the weekly salaries two employees. Salaries are set by the board of commissioners. All six expenditures examined were properly approved in accordance with the above described criteria.

RICHARD B. GARRETT

CONSOLIDATED WATER DISTRICT NO. 2

OF MOREHOUSE PARISH

Morehouse Parish Police Jury

Haystack, Louisiana

Agreed-Upon Procedures Report

March 4, 1999

Page 4

Meetings

6. Examine evidence indicating that agendas for meetings in which minutes were recorded were posted as required by LSA-RS 41:1 - 13 (the open meetings law).

Consolidated Water District No. 2 is required to post a notice of each meeting and the accompanying agenda on the front gate of the district's office. Although management has asserted that such documents were properly posted and management provided me copies of the documents, I cannot determine if the documents were actually posted because there is no evidence to support this. The water district did post a notice in the news paper in January 1998, stating that the district's board meets the second Tuesday of each month at 6:00 PM in the district office.

Bank

7. Read the minutes of all board meeting for the year ended December 31, 1998, and examine bank deposits for the period under examination to determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

A reading of the minutes of the water district for the year ended December 31, 1998 and an examination of the bank deposits for the period under examination, did not indicate any deposits or authorization for bank loans, bonds, or like indebtedness.

Advances and Benefits

8. Examine all disbursements in the cash disbursement journal for the year ended December 31, 1998, and read the minutes for the year to determine whether any payments have been made to employees which may constitute a bonus, advance, or gift.

RICHARD H. GARRETT

**CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH**

Morehouse Parish Police Jury
Baton Rouge, Louisiana
Agreed-Upon Procedures Report
March 4, 1998
Page 5

A reading of the minutes of the water district for the year ended December 31, 1998, did not indicate any approval for such payments. Examination of the expenditures in the cash disbursements journal did not disclose any instances of payments to employees which would constitute a bonus, advance or gift.

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 intentions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of Consolidated Water District No. 2 of Morehouse Parish, a component unit of the Morehouse Parish Police Jury, 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. However, this report is a matter of public record and its distribution is not limited.



Richard H. Garrett

Monroe, Louisiana
March 4, 1998

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**CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
MOREHOUSE PARISH POLICE JURY
Bastrop, Louisiana**

*Corrective Action Taken on Prior Year Findings
for the Year Ended December 31, 1998*

CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS

In accordance with the Louisiana Governmental Audit Code a schedule of corrective action taken on prior year findings has been included.

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CONSOLIDATED WATER DISTRICT NO. 2
(OF MOREHOUSE PARISH)
MOREHOUSE PARISH POLICE JURY
Bastrop, Louisiana

Corrective Action Taken on Prior Year Findings
For the Year Ended December 31, 1998

In the annotation report for the year ended December 31, 1997, there were no findings reported.

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**CONSOLIDATED WATER DISTRICT NO. 2
OF MONROE PARISH
BOGEHOUSE PARISH POLICE JURY
Baton Rouge, Louisiana**

Louisiana Adhesion Questionnaire
For the Year Ended December 31, 1998

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LOUISIANA COMPLIANCE QUESTIONNAIRE

March 9, 1999 Date

Richard B. Corrett
Certified Public Accountant
149 West 11th Street
Bossier, La. 71202 (Auditors)

In connection with your audit of our financial statements as of Dec. 31, 1998 and for Year Ending 12-31-98 (period of audit) for the purpose of expressing an opinion as to the fair presentation of our financial statements in accordance with generally accepted accounting principles, to assess our system of internal control structure as a part of your audit, and to review our compliance with applicable laws and regulations, we confirm, to the best of our knowledge and belief, the following representations. These representations are based on the information available to us as of 12-31-98 date.

PART I AGENCY PROFILE

1. Name and address of the organization.

Consolidated Water Works District No. 2 of Morehouse Parish
7125 Pine Grove Loop Rd.
Bossier, La. 71220

2. List the population of the municipality or parish based upon the last official United States Census or most recent official census (municipalities and police juries only). Include the source of the information.

The District serves approximately 1167 Households

3. List names, addresses, and telephone numbers of entity officials. (Include elected/appointed members of the governing board, chief executive and fiscal officer, and legal counsel.

Myatt Smith, Pres. 12528 Crosssett Rd, Bossier, La. 381-6323
Dorelan Gayton, Vice Pres- 1327 Coover Lake Rd, Bossier, La.
381-6562
Ralph Evans, Sec.-Treas., 6723 Sunny Bay Tealbell Rd, Bossier, La.
381-4881

4. Period of time covered by this questionnaire:

Year Ending 12-31-1998

5. The entity has been organized under the following provisions of the Louisiana Revised Statute (LSA-RS) and, if applicable, local resolutions/ordinances:
 Created by the Natchitoches Police Jury as authorized by Louisiana Revised Statute 33:3811
6. Briefly describe the public services provided:
 Water Distribution
7. Expiration date of current elected/appointed officials' terms:
 Scott Smith, President - August 3, 1999
 Douglas Boyce, Vice-Pres. August 3, 2000

LEGAL COMPLIANCE

PART II. PUBLIC BID LAW

8. The provisions of the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office have been complied with.
 Yes No

PART III. CODE OF ETHICS LAW FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

9. 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 42:1181-1184.
 Yes No
10. 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, 1998, under circumstances that would constitute a violation of LSA-RS 42:1119.
 Yes No

PART IV. LAWS AFFECTING BUDGETING *NA*

11. We have complied with the budgeting requirements of the Local Government Budget Act (LSA-RS 38:1301-14) or the budget requirements of LSA-RS 30:43.

A. Local Budget Act

1. We have adopted a budget for the General Fund and all special revenue funds (LSA-RS 38:1307).
2. The chief executive officer, or equivalent, has prepared a proposed budget that included a budget message, a proposed budget for the General Fund and each special revenue fund, and a

budget adoption instrument that specified the chief executive's authority to make budgetary adjustments without approval of the governing authority. Furthermore, the proposed expenditures did not exceed estimated funds to be available during the period (LSA-RS 39:1304).

3. The proposed budget was submitted to the governing authority and made available for public inspection at least 75 days prior to the beginning of the budget year (LSA-RS 39:1305).

4. To the extent that proposed expenditures were greater than \$250,000, we have made the budget available for public inspection and have advertised its availability in our official journal. The advertisement included the date, time, and place of the public hearing on the budget. Notice has also been published certifying that all actions required by the Local Government Budget Act have been completed (LSA-RS 39:1306).

5. The proposed budget was made available for public inspection at the location required by LSA-RS 39:1307.

6. All action necessary to adopt and realize the budget was completed prior to year end. The adopted budget contained the same information as that required for the proposed budget (LSA-RS 39:1304(g)).

7. After adoption, a certified copy of the budget has been retained by the chief executive officer or equivalent officer (LSA-RS 39:1308).

8. The chief executive officer or equivalent notified in writing the governing authority during the year when actual receipts plus projected revenue collections for the year failed to meet budgeted revenues by five per cent or more, or when actual expenditures plus projected expenditures in year end exceeded budgeted expenditures by five per cent or more (LSA-RS 39:1310).

9. The governing authority has amended its budget when notified, as provided by LSA-RS 39:1310-LSA-RS 39:1309.

Yes | No |

B. State Budget Requirements

1. The state agency has complied with the budgetary requirements of LSA-RS 30:43.

Yes | No |

PART V. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING LAWS

11. We have maintained our accounting records in such a manner as to provide evidence of legal compliance and the preparation of annual financial statements in compliance with LSA-RS 24:514, 24:515, and/or 24:516.

Yes No |

12. 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, 44:21, and 44:30.

Yes No |

14. We have filed our annual financial statements in accordance with LSA-RS 24:514, 24:515, and/or 24:517, as applicable.

Yes No

15. We have had our financial statements audited in accordance with LSA-RS 24:513.

Yes No

PART VI. ASSET MANAGEMENT LAWS

16. We have maintained records of our general fixed assets and movable property, as required by LSA-RS 24:515 and/or 28:201-203, as applicable.

Yes No

PART VII. FISCAL AGENCY AND CASH MANAGEMENT LAWS *N/A*

17. We have complied with the fiscal agency and cash management requirements of LSA-RS 28:221-45 and 49:301-327, as applicable.

Yes No

PART VIII. DEBT RESTRICTION LAWS

18. It is true we have not incurred any long-term indebtedness without the approval of the State Bond Commission, as provided by Article VI, Section 8 of the 1874 Louisiana Constitution, Article VI, Section 23 of the 1894 Louisiana Constitution, and LSA-RS 47:1803-4.

Yes No

19. We have complied with the debt limitation requirements of state law (LSA-RS 28:502).

Yes No

20. We have complied with the reporting requirements relating to the Fiscal Review Committee of the State Bond Commission (LSA-RS 32:1381).

Yes No

PART IX. REVENUE AND EXPENDITURE RESTRICTION LAWS

21. We have restricted the collections and expenditures of revenues to those amounts authorized by Louisiana Statutes, tax provisions, and budget ordinances.

Yes No

22. It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VI, Section 14 of the 1874 Louisiana Constitution, LSA-RS 14:158, and ACP policies TS-728.

Yes No

23. It is true that no property or things of value have been loaned, pledged, or granted to anyone in violation of Article VI, Section 14 of the 1874 Louisiana Constitution.

Yes No

PART X. * QUESTIONS FOR SPECIFIC GOVERNMENTAL UNITS *NA*

Police Juries

24. We have adopted a system of road administration that provides as follows:
- A. Approval of the governing authority of all expenditures, LSA-RS 48:754(A).
 - B. Development of a capital improvement program on a selective basis, LSA-RS 48:754(A)(8)(B).
 - C. Centralized purchasing of equipment and supplies, LSA-RS 48:754(A).
 - D. Centralized accounting, LSA-RS 48:754(A).
 - E. A construction program based on engineering plans and inspections, LSA-RS 48:754(A)(8)(E).
 - F. Selective maintenance program, LSA-RS 48:754(A)(8)(F).
 - G. Annual certification of compliance to the legislative auditor, LSA-RS 48:754(C).
- Yes [] No []

School Boards *NA*

25. We have complied with the general statutory, constitutional, and regulatory provisions of the Louisiana Department of Education, LSA-RS 17:51-481.
- Yes [] No []
26. We have complied with the regulatory circulars issued by the Louisiana Department of Education that govern the Minimum Foundation Programs.
- Yes [] No []

Tax Collectors *NA*

27. We have complied with the general statutory requirements of LSA-RS 47, Chapter 4.
- Yes [] No []

Justices *NA*

28. We have complied with the state supplemental pay regulations of LSA-RS 33:2218.8.
- Yes [] No []
29. We have complied with LSA-RS 33:1432 relating to the feeding and keeping of prisoners.
- Yes [] No []

District Attorneys *NA*

30. We have complied with the regulations of the Louisiana Department of Social Services that relate to the Title IV-C Programs.
- Yes [] No []

Assessors *NA*

31. We have complied with the regulatory requirements found in Title 47 of the Louisiana Revised Statutes.
- Yes [] No []

32. We have complied with the regulations of the Louisiana Tax Commission relating to the assessment of property. Yes [] No []

Clerks of Court *NA*

33. We have complied with LSA-RS 13:761-980. Yes [] No []

Libraries *NA*

34. We have complied with the regulations of the Louisiana State Library. Yes [] No []

Municipalities *NA*

35. Minutes are taken at all meetings of the governing authority. LSA-RS 42:7.1 (Act 685 of 1970). Yes [] No []

36. Minutes, ordinances, resolutions, budgets, and other official proceedings of the municipalities are published in the official journal. LSA-RS 42:142-144 and A.G. 62-383. Yes [] No []

37. All official action taken by the municipality is conducted at public meetings. LSA-RS 42:A.1-12 (Act 655 of 1970). Yes [] No []

Airports *NA*

38. We have submitted our applications for funding airport construction or development to the Department of Transportation and Development as required by LSA-RS 2:802. Yes [] No []

39. We have adopted a system of administration that provides for approval by the department for any expenditures of funds appropriated from the Transportation Trust Fund, and no funds have been expended without department approval (LSA-RS 2:812). Yes [] No []

40. All project funds have been expended on the project and for no other purpose (LSA-RS 2:810). Yes [] No []

41. We have certified to the legislative auditor, on an annual basis, that we have expended project funds in accordance with the standards established by law (LSA-RS 2:811). Yes [] No []

Ports *NA*

42. We have submitted our applications for funding port construction or development to the Department of Transportation and Development as required by LSA-RS 34:2432. Yes [] No []

43. We have adopted a system of administration that provides for approval by the department for any expenditures of funds made out of state and local matching funds, and no funds have been expended without department approval (LSA-RS 34:2433). Yes [] No []

44. All project funds have been expended on the project and for no other purpose (LSA-RS 34:2435). Yes [] No []

45. We have established a system of administration that provides for the development of a capital improvement program on a selective basis, centralized purchasing of equipment and supplies, centralized accounting, and the selective maintenance and construction of port facilities based upon engineering plans and inspections (LSA-RS 34:2432). Yes [] No []

46. We have certified to the legislative auditor, on an annual basis, that we have expended project funds in accordance with the standards established by law (LSA-RS 34:3617). Yes [] No []

Sewerage Districts *N/A*

47. We have complied with the statutory requirements of LSA-RS 33:3681-4150. Yes [] No []

Waterworks Districts

48. We have complied with the statutory requirements of LSA-RS 33:3611-3830. Yes [X] No []

Lobby Districts *N/A*

49. We have complied with the statutory requirements of LSA-RS 33:4181-4830. Yes [] No []

Drainage and Irrigation Districts *N/A*

50. We have complied with the statutory requirements of LSA-RS 35:1621-1707 (Drainage Districts); LSA-RS 35:1751-1804 (Gravity Drainage Districts); LSA-RS 35:1901-2048 (Levee and Drainage Districts); or LSA-RS 38:2101-2123 (Irrigation Districts), as appropriate. Yes [] No []

Fire Protection Districts *N/A*

51. We have complied with the statutory requirements of LSA-RS 40:1481-1805. Yes [] No []

Other Special Districts *N/A*

52. We have complied with those specific statutory requirements of state law applicable to our district. Yes [] No []

Quasi-Public Corporations

53. We have complied with the award or grant restrictions relating to our receipt of public funds. Yes [] No []

The previous responses have been made to the best of our belief and knowledge.

Betty J. Kiser Secretary *5-9-99* Date
Betty J. Kiser Treasurer *3-9-99* Date
Edgott Smith President *2-9-99* Date

